# Daily Report

# Latin America

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## Latin America

*FBIS-LAT-92-103* *28 May 1992*

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## Peru

Maximo San Roman says that Panama's decision to break diplomatic relations with Peru is a "very effective measure" because it is a setback for Fujimori's emergency government, NOTIMEX reports. San Roman adds that the Peruvian opposition was "surprised" by the OAS decision not to condemn Fujimori, and charges that Fujimori has already failed to meet his commitments because he continues plans to hold a national plebiscite. Lima TV reports that San Roman also meets with the Italian ambassador to discuss economic aid. Ambassador Ossio says he believes Italian sanctions will be lifted only when Fujimori fully implements a return to democracy.

Lima radio reports that the national emergency and reconstruction government has extended the state of emergency in Lima for an additional 60 days in order to reestablish and preserve "public order in the country." The measures include the suspension of selected constitutional guarantees and the continued control of internal affairs by the Armed Forces.

## Panama

Panama City TV reports Foreign Minister Linares says that the commercial exchange between Peru and Panama "will continue." Chamber of Commerce President Fernandez is supportive, but says Panama does not "endorse" the position of the Peruvian private sector, which supports Fujimori's actions. Foreign Relations Committee Chairman Saez believes that the Endara government is "abiding by international commitments that it pledged to keep. We are also showing the world that our foreign policy is independent of the United States and the OAS, which is inoperative and inefficient at resolving conflicts and strengthening the democratic process in Latin America," Panama City TV reports.

## Cuba

JANA reports that Foreign Minister Malmierca, in a letter to the UN secretary general, says that Security Council Resolution 748 adopted against Libya "only adds to the complexity of the situation and undermines the initiative currently under way to arrive at an understanding." Cuba, the minister says, "wishes to highlight the double standards apparent in the Security Council's adoption of speedy measures in certain cases while refraining from taking the same measures in other cases."

## Brazil

The political scene in the country continues to be dominated by the charges brought against President Fernando Collor and Paulo Cesar Farias, treasurer of the presidential campaign, by the president's brother, Pedro Collor. VEJA carries two interviews with Pedro Collor in which he details the specifics of his charges and the rifts that have arisen in the presidential family. Justice Minister Celio Borja downplays the importance of the charges and believes that the nation's institutions are strong enough to overcome the "embarrassment" that this situation has created, Brasilia radio reports.

## Mexico's Salinas Speaks at Area Conference

*PA2805044692 Mexico City NOTIMEX in Spanish 0144 GMT 28 May 92*

[Text] Mexico City, 27 May (NOTIMEX)—On 27 May, Mexico requested greater world cooperation and an in-depth political dialogue in Latin America so that nations in the region might successfully face the great challenges and opportunities of a new millennium.

Mexican President Carlos Salinas de Gortari addressed representatives from 30 countries and warned that market competition among sovereign nations and the impact of the technological and scientific revolution will determine the world's transformation.

"This cannot be understood without an overall concept of interdependence," the president stated. He inaugurated the 10th Latin American Conference and 4th International Conference of National Commissions to organize the 500th anniversary of a meeting between two continents.

This three-day meeting in the capital will be attended by delegates of Latin America, Spain, Portugal, and other guest countries; it will prepare for the Latin American summit to be held in July in Madrid.

"This is a time of great challenges and opportunities. It is a time to recognize the need to share viewpoints and face the great challenges of our times and to bring down the walls of riches and poverty among nations," the Mexican president said.

"There are reasons to expect a new relationship among Latin American nations, because more than 260 million people speak Spanish, and approximately 150 million people speak Portuguese. In addition, more than 40 million people keep alive and maintain old languages and traditions," he added.

"We approach the beginning of a new millennium. The creation of a new world organization will offer new opportunities to develop the potential of our resources, to unite our capabilities, and to fulfill our nations' most urgent needs," the president said.

Salinas de Gortari said Latin America is a late 20th century project that "surpasses strict and selfish ideas. It demands greater world cooperation, an in-depth political dialogue, and the expansion of our cultures toward the world."

The Mexican president said that Latin America is "a voice that can no longer be absent in the international community."

"We can now see each other and contemplate the future with the confidence and assurance that our millennial culture gives us," he stated.

According to Mexican Foreign Relations Secretary Fernando Solana, the two meetings will try to establish a dialogue concerning the importance of Christopher Columbus' arrival to the continent and to propose programs to commemorate the 500th anniversary.

## Andean Pact President Comments on Alliance

*PA2705144092 Quito Voz de los Andes in Spanish 2300 GMT 26 May 92*

[Text] Quito—The 23-year economic alliance between Venezuela, Colombia, Ecuador, Peru, and Bolivia has not ended but is only overcoming a temporary crisis, a top regional official has stated.

The last crisis has been overcome already and we will soon return to the bargaining table to work out details and pending issues, stated Juan Falconi, president of the Andean Pact and Ecuador's minister of industry, commerce, and integration. He added that by mid-June, the five countries will meet again probably in Quito to restore the vitality that the integration process had three years ago, following nearly two decades of virtual stagnation.

The negotiations on the mechanisms that were affected by this, such as the free trade area, the reduction of the common foreign tariff, and the elimination of export incentives, will have a positive outcome and the process will continue at a faster pace, Falconi explained.

On 26 May 1969, Colombia, Ecuador, Peru, Bolivia, and Chile reached an economic understanding at the Colombian port of Cartagena. In 1973, Venezuela joined this pact while, in 1976, Chile separated itself from the integration effort.

I predict a good future for the Andean Pact but it will not be problem free, Falconi added.

In 1989, after two decades of little or few accomplishments, the presidents of the five countries agreed to meet every six months to oversee compliance with the accords and expedite their full implementation.

It is true that a crisis has taken place; it is also true that some problems have appeared, and some serious differences. But problems appear in every integration process. Even the most advanced processes, such as the EC, have undergone differences that have been overcome, Falconi added.

The Andean presidential summit, which should have taken place in June in Ecuador, has been postponed. At this summit, the presidents were going to work out the details of the Andean Free Trade Zone. Falconi stated that no new date has been established for this summit.

Falconi indicated that the next pact meeting will be that of the Cartagena Agreement Commission, which will take place in mid-June, probably in Quito. He concluded that problems must exist but the integrationist desire and the political willingness of the presidents of the five member-countries and their governments will see that the Andean group makes progress.

## Regional Armed Forces Leaders Discuss Cooperation

*PA2705031692 San Pedro Sula LA PRENSA in Spanish 26 May 92 p 10*

[Text] President Callejas inaugurated the 32d meeting of the System of Cooperation among the American Air Forces, Sicofaa, in Tegucigalpa on 25 May. Representatives from 16 countries are attending the meeting, which will conclude on 28 May with the signing of agreements.

Sicofaa leaders meet every year to exchange information on technical, aeronautical, and computer issues, as well as on the following issues: logistics, military airmail, training, the environment, and drug trafficking.

The previous meeting took place in Colombia and the next one will take place in the United States in 1993. At that time, Hector Castro Cabus, commander of the Honduran Armed Forces, FAH, will speak in the name of the other participants, something that Uruguay's Carlos Prospero Pache had to do on 25 May.

Castro Cabus welcomed his counterparts at the FAH's Hernan Acosta Mejia Base early on 25 May, and the meeting officially began in a Tegucigalpa hotel later that evening. In his inaugural speech Callejas stated that the meeting is of the utmost importance, especially now that there are more democratic governments elected by the people in America.

Callejas said that armed forces should be apolitical and not deliberative bodies; he said they should look out for the security of all citizens. He added that armed forces are essential to guarantee the security of the continent.

Uruguayan Lieutenant General Pache said the people of America are united in an effort to analyze problems, look for solutions, perfect themselves in various fields, and achieve positive integration. Pache made reference to Honduran Francisco Morazan's ideal of an America that would be strong and united by virtue of its geographical position and wealth. He said: "We are the custodians of the sky."

Meanwhile, Castro Cabus said this is the "year of space," during which man will expand his activities, thoughts, and dreams to try to find ways to project himself toward the final and pragmatic conquest of interplanetary or interstellar space. Castro Cabus asked the participants to make the meeting another confirmation of the American man's greatness and to renew the idea that America is the land of the future.

Castro Cabus said the meeting will be an opportunity to reaffirm support for the exchange of information to continue fighting drug trafficking. Cooperation among military forces on the American continent has been quite

effective because with the installation of radar in the Caribbean Basin, this criminal activity has been diminished, he added. He stressed that for the time being the Honduran Armed Forces will not buy more weapons.

Castro Cabus said the regional armed forces are determined to fight drug trafficking in a coordinated manner and, through their efforts, this activity has already been considerably reduced.

## Cuba

### Foreign Ministry Condemns UN's Libyan Actions

*LD2705202292 Tripoli JANA in English 1652 GMT 27 May 92*

[Text] Havana, Al-Ma' [May] 27, JAMAHARIYAH NEWS AGENCY—The foreign minister of Cuba has said that Security Council Resolution 748 adopted against the Great Jamahiriyah, at a time when the Arab League is exerting efforts to arrive at a speedy and peaceful solution to the problem, only adds to the complexity of the situation and undermines the initiative currently under way to arrive at an understanding which would ensure international peace and security.

This was contained in a letter sent to the secretary general of the United Nations by the Cuban foreign minister. The minister said that Cuba which is a founding member of the United Nations and has always assumed its responsibility, wishes to highlight the double standards apparent in the security council's adoption of speedy measures in certain cases while refraining from taking these same measures in other cases as well as the use by a number of permanent members of the right of veto in this other cases.

### Letter to UN Demands Information on Bombing

*FL2705151192 Havana Radio Progreso Network in Spanish 1100 GMT 27 May 92*

[Text] In a new letter given to UN Security Council President Peter Hohenfellner last night, Cuba reiterated the validity of a resolution project that demands that Washington relinquish all information it has on the perpetrators of the Barbados crime.

In the Security Council meeting held last week after almost a month of solicitation by Cuba, Cuban Ambassador Ricardo Alarcon de Quesada subpoenaed the U.S. Government and U.S. President George Bush personally, for the damages caused by Orlando Bosch and Luis Posada Carriles in the destruction of an Cuban airplane in 1976.

Instead of responding to the Cuban affirmations, U.S. Ambassador to the United Nations Edward Perkins distributed a State Department document that denied any relation to the two defendants and acknowledged that no information was submitted in the trial against Bosch and Posada held in Venezuela, saying that Venezuela did not ask for any information.

### Ambassador Presents Evidence

*FL2805013392 Havana Radio Rebelde Network in Spanish 2300 GMT 27 May 92*

[Text] Today, Cuba presented proof that the perpetrators of the 1976 sabotage of the Cuban airliner visited the U.S. Embassy in Barbados just minutes after carrying out that terrorist act, and warned that the efforts to impose justice will continue. In a news conference at the United Nations, Ricardo Alarcon de Quesada, our ambassador to the United Nations, expressed his concern that U.S. agencies might try to make Luis Posada Carriles disappear.

Posada Carriles is another of the authors of the terrorist attempt who is under the protection of the United States, but who is a crucial witness to the terrorist act. Alarcon presented a report by the investigative commission of Barbados to the press and the president of the Security Council, confirming that Hernan Ricardo and Freddie Lugo, the perpetrators of the crime, visited the U.S. Embassy in that Caribbean country several times on the day of the sabotage.

The Cuban ambassador to the United Nations reminded them that when the commission of Barbados was convened, a note written by (Olvile Duran), superintendent of the Royal Police of Barbados, was analyzed. The note was based on the information he had received from (Dennis Rasguard), deputy commissioner of the police of Trinidad and Tobago. According to (Duran's) testimony in a confidential declaration, Hernan Ricardo confessed to being a member of the CIA, and that on the night of the sabotage, he had gone to the U.S. Embassy to meet with an official named (McCloud). (McCloud) has been identified as a black man of medium height.

The United States has denied the existence of any official with the last name of (McCloud) in the U.S. Embassy in Barbados. This seems logical, Alarcon added, if you consider that it was an undercover operation in which the true identities of the participants are usually kept secret. Therefore, Alarcon reminded them, the U.S. Government has provided protection to Posada Carriles by changing his identity, and by carrying out several operations to change his physical appearance, to deny his presence in the United States and suggest that he is in a Latin American country.

When asked about the resolution draft that demands that the United States turn over all evidence related to the sabotage and its authors, Cuban Ambassador Ricardo Alarcon said that the issue remains very much alive.

### Ross Leal Arrives in Prague for WFTU Meeting

*FL2705145992 Havana Radio Rebelde Network in Spanish 2300 GMT 26 May 92*

[Text] Pedro Ross Leal, secretary general of the Cuban Workers Federation [CTC], and the delegation he is heading, have arrived in Prague, Czechoslovakia, to participate in the meeting of the Council of Vice Presidents of the World Federation of Trade Unions [WFTU] which will take place from 27-29 May. Valentin Pacho, of Peru, and Nelsida Marmolejos, from the Dominican Republic, are also expected to attend representing Latin America and the Caribbean since the two also occupy vice president posts and will be present in the meetings which will take place during a period of rectification for this international organization. The members of the

WFTU Presidential Council will discuss the functioning of this organization and its relations with international trade unions, among other subjects.

It has also been learned that the CTC is part of a Cuban tripartite commission which will participate in the 79th meeting of the International Labor Organization [ILO] from 3-23 June in Geneva, Switzerland. During a news conference today, Lazaro Quintana, the chief of the CTC International Relations Department, announced that the Geneva meeting will provide the Cuban union movement with an opportunity to express its experiences on democracy, labor rights, health care, and education for workers. Quintana also pointed out that the will to maintain the unity of the workers in Cuba will be another of the subjects and principles to be presented in the ILO, as well as the willingness to defend our social system and the right to self-determination of the peoples.

### Two Dissident Leaders Sentenced for Rebellion

*PA2805034692 Havana Radio Havana Cuba in Spanish 0000 GMT 28 May 92*

[Text] The People's Provincial Court of the city of Havana has sentenced Indamiro Restano and Maria Elena Aparicio Rodriguez, leaders of the counterrevolutionary group Armonia, to 10 years and seven years in jail, respectively, for the crime of rebellion. This was proven in the trial that took place last week.

During the trial, it was proven that both carried out illegal actions in order to change the economic, political, and social regime of the socialist State of Cuba. They also attempted to modify the Constitution and the form of government it established.

### Government Recognizes Croatia, Slovenia

*FL2705121692 Havana Radio Progreso Network in Spanish 1100 GMT 27 May 92*

[Text] The government of the Republic of Cuba, motivated by a desire to contribute to the strengthening of ties of friendship and cooperation with the people and governments of Croatia and Slovenia, has decided to recognize both states and has expressed its willingness to establish the corresponding diplomatic and consular relations. Earlier, the Cuban Government recognized the Federal Republic of Yugoslavia.

## Dominican Republic

### Ambassador Says U.S. Accepts Balaguer Decision

*FL2705182192 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 27 May 92*

[Text] U.S. Ambassador Robert Pastorino affirmed that his government accepted President Balaguer's decision to not admit Haitian refugees in Dominican territory. Pastorino said that the U.S. Government fully respects President Balaguer's decision.

A communique from the U.S. News and Cultural Service said that U.S. Ambassador Pastorino wanted to clarify spreading reports in the country on the reason for his visit with President Joaquin Balaguer. He stated that he visited the president to discuss the possibility of establishing a processing center and not a refugee camp as had been mentioned.

Ambassador Robert Pastorino reiterated that his government accepted President Balaguer's decision. They fully understand and respect his decision.

## Haiti

### PANPRA on Relationship to Tripartite Agreement

*FL2705222092 Port-au-Prince Radio Metropole in French 1600 GMT 27 May 92*

[Text] The National Progressive Revolutionary Party of Haiti, PANPRA, clarifies its position. Some provisions that were not mentioned in the initial agreement signed on 8 May at Villa d'Acceuil were added by the parliamentarians following suggestions by the parliamentary socialist bloc.

PANPRA states that it did not receive total satisfaction at Villa d'Acceuil, but specifies that the struggle had to be carried on in parliament, its real field, through the recommendation of amendments to the agreement. As to an increased harmonization of this law with the Washington agreement, the National Front for Change and Democracy [FNCD], parliamentarians not participating in the vote, and the socialist bloc have obtained what they could because of parliamentary support, PANPRA claims. PANPRA and its members of parliament remain alert to the application of the document ratified by the two chambers.

PANPRA states that the principle of a consensus has been accepted by all those who signed the tripartite agreement. In conclusion, PANPRA invites progressive and democratic forces to join efforts to define the composition of this consensus to the best interest of the masses which can no longer continue to pay the crisis' expenses.

### Belizaire on Prospects of Tripartite Agreement

*FL2705215092 Port-au-Prince Radio Metropole in French 1600 GMT 27 May 92*

[Text] The president of the parliament, Dejean Belizaire, questioned by Radio Metropole, points out that the ball is now in the executive's court. Sen. Dejean Belizaire thinks that the application of the law can lead us toward a solution to the crisis. For the president of the Senate, it is time for comprehensive patriotic sacrifice to pull the country out of its deadlock. Let us listen to him:

[Begin recording] [Belizaire] We are at a point where everyone must sacrifice to pull the country out of its deadlock. It is in this context that President Nerette can help the country and allow the law from the parliament to be ratified without obstruction.

[Unidentified reporter] There will be a presidential vacuum again. Does the parliament have someone to fill the vacuum?

[Belizaire] The law clearly defines the filling of the vacuum. We are giving the consensus government, together with the international community and the different sectors of the nation, the task of finding a solution acceptable to all. When we have a definitive, comprehensive solution to the crisis, the vacuum will be filled.

[Reporter] What do you mean by solution acceptable to all?

[Belizaire] You must wait for the appointment of the consensus government. Once it starts working and progressively moves toward the solution, finally everyone will say, we are satisfied.

Only then can we say an acceptable solution to the crisis has been found. [end recording]

### Port-au-Prince Mayor Detained Briefly, Released

*PA2805020192 Paris AFP in Spanish 0029 GMT 28 May 92*

[Text] Port-au-Prince, 27 May (AFP)—Evans Paul, mayor-elect of Port-au-Prince, was released on 27 May after being briefly detained by security guards at the international airport, it has been learned from a reliable source. The reason for Paul's detention was not made public. The mayor, who was arrested as he prepared to board a regular flight to the United States before going to the Rio environmental conference, left the airport in a Canadian Embassy vehicle.

According to a witness, Haitian protocol officials intervened in the incident.

### Center Cites Cases of Human Rights Violation

*FL2705234092 Port-au-Prince Radio Metropole in French 1600 GMT 27 May 92*

[Excerpts] The human rights situation has worsened in the country since October 1991. According to Jean-Claude Bajeux, organizations working in the field have counted more than 5,000 cases of human rights violations, ranging from acts of intimidation and arbitrary arrest to summary executions. Populations in the country's cities and provinces are daily victims of rights violations, says Bajeux, director of the Ecumenical Center for Human Rights. He cites cases of groups of people from the provinces moving to the cities, from one neighborhood to another to escape illegal and arbitrary proceedings. For Jean-Claude Bajeux, the situation is worsening daily and heading for catastrophe. The Haitian judicial system has been functioning very badly for eight months.

[Begin recording] [Bajeux] We are facing a situation that is beyond us. The number of people who have moved for example, from the provinces—the office here receives dozens of peasants everyday who have had problems at home, from serious beatings that sometimes leave them crippled, to having their houses burnt, their relatives threatened, their gardens ransacked. We have dozens of cases like these, coming from regions such as Lascahobas, Mirebalais, Fond-Baptiste, not to mention what is going on in the cities for the past several weeks. Many youths are persecuted and are obliged, as they say, to move. This causes problems on the humanitarian level since they are people who have lost all means of survival and come to the cities with nothing to eat and no means of survival.

This situation is worsened by the fact that we have lost what we could call the voice of the country. Until October, the radio was doing great work by echoing everything that was going on in the country. We know that this tie with the countryside has been destroyed by the permanent persecution of the local radio representatives. Those reports that were coming via radio allowed the people without a voice, and unable to write or to come to Port-au-Prince, to at least be connected with the rest of the country. There are many stories of persecution that we cannot even file, because they are so numerous.

Several organizations working in the country have already filed about 5,000 cases of human rights violations since October. The collapse of the press corresponds to the total collapse of the judicial system. We are living in a country where the Ministry of Justice does not exist. [passage omitted]. Nothing is being done to correct what one could dare call upheaval; no one is there to correct it. [passage omitted] [end recording].

### Bajeux Condemns Bush Decision

*FL2805002392 Port-au-Prince Radio Metropole in French 1600 GMT 27 May 92*

[Text] Jean-Claude Bajeux also protests the U.S. decision on the Haitian boat people. His statements follow.

[Begin Bajeux recording] It is very difficult to tell exactly what happens to the refugees when they return home. I do not think there is an organization capable of tracking them. Perhaps the churches, Catholic and Protestant, if they were mobilized on this matter, could eventually do a follow-up on the returning people. They do not do it for several reasons. So how then can one be in touch with the entire country to follow up on the cases of the refugees?

The American Embassy pretends to do so. I myself am very skeptical about it. They have assured me that they have teams going through the country to keep track of the refugees. I remain very skeptical. We are in a catastrophic situation.

President's Bush position is beyond all laws of humanity. Not only are we dealing with the case of systematic international piracy, where the American Coast Guard intervenes in international waters to burn Haitian boats—they have burned 600 in ten years in international waters, and sometimes in Haitian territorial seas—they have intervened in picking up people, burning their boats and sending them back.

Until now, there was still an appearance of pseudo-legality. They used to say that the people, once on the Coast Guards ships, had a chance to plead their case; and that if some people were in particular danger, they would be protected. Currently, they are sending everyone back to Haiti. Here, we are beyond judicial procedures, not to mention humanitarian concerns. It is not even a question.

This procedure violates signed agreements. This morning on the radio, the person in charge of the general secretariat for refugees pointed out that there were some international conventions regarding refugees, signed by the United States when the United States, after the war, wanted to force the European countries to solve the refugee problem. The United States was not then concerned. Now that they are concerned, they are rejecting conventions that they themselves signed.

We are facing the hypocrisy of great powers facing panic since this latest decision of President Bush is the result of the panic of seeing half a million Haitians arriving on the American coast. I believe that one must expect in the years to come, if the situation remains what it is, the exodus of more than half a million Haitians. [end recording].

## Committee Protests Education Minister's Decision

*FL2705181892 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 27 May 92*

[Text] Concerning the decision by the Ministry of National Education, in a letter to Education Minister Joseph Desir, the Education Committee of the Chamber of Deputies, asks how it is that the ministry has decided to close the schools so early this year whereas the public high schools should be on vacation in July, according to the academic calendar.

The Education Committee thinks this measure is not fair and wonders whether the minister is not looking for a way to punish the students because of the protest movements that they have been initiating for some time. In the same letter, the Education Committee of the Chamber of Deputies asks the minister for an explanation on the many harassments of late against pupils, students, and teachers given that these acts are most often committed inside the institutions.

In conclusion, the committee hopes the minister of education will not delay in reviewing his decision so as to allow the public high school students to return to their schools because the Education Committee of the Chamber of Deputies thinks this decision is not in the interest of education in Haiti.

This letter is signed by Deputy Fritz Robert Saint-Paul who is the president of the Education Committee in the Chamber of Deputies.

## Private School Raided by Soldiers 27 May

*FL2705175992 Port-au-Prince Radio Tropic FM in French 1400 GMT 27 May 92*

[Excerpts] Les Philosophes Reunis Secondary School was raided this morning by several policemen wearing blue uniforms and numerous armed civilians. These men attacked the students who were expressing their disapproval of the provisional government and their solidarity with the students of the public high schools who were recently hit by a Ministry of National Education decision which is strongly contested by the major associations of students and teachers in the country. [passage omitted]

It is the first private school answering to the call of solidarity from students of the private schools, sent by the public schools students. [passage omitted]

The director general of the Ministry of National Education, Mr. Joseph Willio Nouailles, in a statement made yesterday [26 May] to the press, explained the reasons which led to this measure. According to Mr. Nouaille, this decision by the Ministry of National Education is to protect the students and prevent a worsening situation.

*** Differences Among Peasant Groups Discussed**

*** Changes Detected**

*92CA0151A Mexico City UNOMASUNO 'Campouno' Supplement in Spanish 13 Apr 92 p V*

[Report by Julio Moguel]

[Text] The peasants decided to take to the streets. They walked from Monumento de la Revolucion to Zocalo [Plaza de la Constitucion], commemorating the 73d anniversary of the death of their general from Morelos. Approximately 5,000 to 8,000—enough, in any case, to repeat the "eternal return" rite: "Zapata lives, and the struggle goes on and on." But this was not just any normal 10 April. It took place amid the reforms of Article 27 of the Constitution and the promulgation of a new agrarian law, in a stormy and painful situation as the Second National Peasant Organizations Meeting was drawing to a close in Oaxtepec.

That explains some groups' absence from the march: the members of UNORCA [National Union of Autonomous Regional Peasant Organizations]; a large part of UGOCP [Popular Peasant and Worker General Union]; and a large segment of Alcano [Peasant Alliance of the North]. Nor were the members of CIOAC [Independent Federation of Agricultural Workers and Peasants], UNTA [National Union of Agricultural Workers], or CNPA [National Coordinating Board for the Ayala Plan] present in Oaxtepec. So the peasant movement (as it is called in national plans, joined in one federation and/or in the CAP [Permanent Agrarian Congress]) was divided.

Is this a clear indicator that henceforth there will be two leadership poles in the peasant movement? That would appear to be the view of some leaders of today's rural movement. That view may be useful in marking off preliminary territory for a general definition and for assessing relative strength, but we find it inconsistent if we look at things more carefully.

In the first place, we should say that holding the two peasant events at the same time is hardly the starting point of a major process of reorganization and change throughout the rural movements. There are still no definite poles of political expression and action, although that may be the wish or intent of some groups or leaders. So the outcome (in strength and position) of the internal conflicts that organizations like UNORCA, UGOCP, and Alcano are going through (shown by the divided participation of some of their members in both meetings), as well as the ability of "araujiso" [movement supporting the new National Peasant Confederation [CNC] leader, Hugo Andres Araujo] to strengthen its position within the CNC, still remain to be seen. Those attending the Oaxtepec event—while they may have the edge—can not yet start to celebrate. Furthermore, they must admit that a key attraction of the Oaxtepec meeting was the conference with the government and the expectations generated about settling some precise and concise demands. So strengthening that pole will also depend on whether these demands are met more or less satisfactorily.

One case may serve as an illustration: the coffee group's decision about the Oaxtepec meeting. A very strong debate has divided coffee producers: will the resources of Fidecafe [expansion unknown] ("which belong to the coffee producers") be used—as officials propose—to supplement the funding needed for the present emergency program? In either case, are there—or will there be—the right conditions—political determination and a large enough budget—to set up a long-term recapitalization program for this sector?

The fact that this a transition process—with poles and definitions not yet fixed in concrete—is further demonstrated by the extremely unstable character of the formally established unity among 11 rural organizations in the CAP, which entered a stage of acute crisis at the time of the reform of Article 27 and the approval of the new Agrarian Law; its situation may possibly improve after the anniversary of Zapata's death.

Nor can the COA [Council of Agrarian Organizations] groups start to celebrate or think they are now part of a consolidated political action pole. The major unifier of this segment of the rural community has been their opposition to the recent constitutional reforms and their criticisms of the major outlines of the Salinas policy, but they are determinedly—and legitimately—trying to engage in discussions and negotiations with the state to cover not only agrarian programs, but also production issues. The latter point identifies and unites them—though indirectly now—with a large part of those in Oaxtepec but certainly places them at an extreme disadvantage to attack their members' problems, problems that absolutely must be worked out in the short term. One case may be illustrative: the CIOAC and its efforts in the field of production, which for some time has been burdened by the financial (and institutional) crisis of its Uncafaecsa [expansion unknown] network. The case of Alcano-Sinaloa may be another meaningful example).

The COA also faces other problems, and it is hard to tell if its organized groups will be able to overcome them. As we said earlier, it is still not known how many members of Alcano, UNORCA, and UGOCP are still in this bloc. And the real strength of organizations like CNPA also needs to be evaluated. This group was once the major force behind independent agrarian campaigns, but it now seems to be undergoing a serious organic and identity crisis. The same must also be said about UCD [Democratic Peasant Unity], which did not send a contingent to the 10 April march and which is torn by conflicts about being a trade union group and, in many respects, a partisan group.

This does not reflectly poorly on the COA plan. Despite its troubles and the conditions surrounding its creation and growth, it has managed to remain and reestablish a significant pole for political leadership and action. Nor

does it speak badly about organizations like CNPA or CIOAC, which have waged regular battles in very unfavorable conditions (behind the COA, which is in itself a significant force, lies a scattered rural movement with broad segments that want other types of rural changes or reforms). But all this does serve to show—as in the Oaxtepec case—that this process, at least for now, is not defined in terms of simple opposition between different social and political blocs, centered around two major leadership poles.

Basing the analysis on the nonexistence of two definite poles in the present rural struggle clearly means suggesting that diverse but intersecting areas are emerging for social and political construction in rural areas, without thereby renouncing the principles already enunciated. The peasant defense and appropriation of the rural social sector (of its production and life cycles) may be an objective that will unify on a regional (or even a national) basis some highly diverse groups with heterogeneous views and political ideas. Moreover, in the future there will be regroupings and reshufflings that can not yet be foreseen, as the struggle for democracy (to radicalize democracy, Laclau would say) shakes things up once again.

## * CIOAC Leader's Views

*92CA0151B Mexico City UNOMASUNO 'Campouno' Supplement in Spanish 13 Apr 92 p II*

[Interview with CIOAC leader Jose Dolores Lopez by Julio Moguel; place and date not given]

[Text] *Jose Dolores Lopez is one of the top leaders of the CIOAC [Independent Federation of Agricultural Workers and Peasants] and of the movement that recently led to the formation of Monarca [National Peasant Resistance and Struggle Movement], the leadership pole of the peasant movement opposing the reform of Article 27 of the Constitution and the approval of the new agrarian law. We spoke with him at the time of the march in Mexico City on the anniversary of Zapata's death, when the formation of the COA [Council of Agrarian Organizations] was announced—and unanimously approved.*

[Moguel] What is the significance for you and your group of this 10 April? How do you evaluate the Oaxtepec conference and your meeting in Mexico City on 8, 9, and 10 April?

[Lopez] I believe that on this 10 April, two major poles were defined in the Mexican peasant world: the one in Oaxtepec and the one that met in the National Peasant Assembly and marched to the Zocalo in Mexico City, which has now come together to form the COA. The one in Oaxtepec, with all of the state's economic and political power, and this one with all the problems of humble, poor people fighting for their rights.

Today's event brought together some very dissimilar organizations with quite heterogeneous positions and great variety in their ideas, both in their focus on the country's development and their proposals for solving major national problems. Some of these groups are: the CIOAC, UNTA [National Union of Agricultural Workers], UGOCP [Popular Peasant and Worker General Union], CNPI [National Coordinating Board of Indigenous Peoples], and CNPA [National Coordinating Board for the Ayala Plan]. I believe this is very important for the Mexican peasant movement's unity of action.

We in the CIOAC believe that if this group grows stronger it may become an important instrument for negotiating with the state. We think that if this unity of action is really consolidated it may hold promise for solving some major problems in Mexican rural areas in the areas of production and productivity, the real rights of farm workers, and the registration of unions; that it will provide a greater capacity for mobilizing to work on the issues of past-due farm loans and the land titles backlog; and that it also has a role to play in the movement's immediate future. When consolidated, I believe it may ally itself or unite with other peasant movement groups. I think this 10 April is an extremely important starting point for Mexico's great independent peasant movement.

[Moguel] Did some organizations support and participate in both the Oaxtepec meeting and the one in Mexico City? What can you tell us about crossovers and interrelations between the two events?

[Lopez] There were really no organizations that took part in both meetings. UNORCA [National Union of Autonomous Regional Peasant Organizations] is not with us. It did not support us, nor did UGOCP. But UNORCA, Alcano [Peasant Alliance of the North], and UGOCP all face a special situation: they are divided. It seems they supported both sides. But in reality, the more independent part of UGOCP is here. Alcano is also split; Alcano-Sinaloa is with us, and Alcano-Sonora is there. Some of UNORCA's regional organizations agree with us, but the majority of the groups in UNORCA are there. There really was no bilateral support or participation.

[Moguel] What will be the key programmatic and defining features of the new Council of Agrarian Organizations?

[Lopez] Some important points were defined in the National Peasant Assembly's working groups: for example, the organization's position on free trade. It was decided to reject the government's proposal on the Free Trade Agreement. Naturally, we are not averse to accepting and promoting international relations and trade with other countries, but we oppose this free trade proposal; in its place, we drafted an integral agricultural development program.

The points developed by the working groups provided guidelines in defining this peasant program on issues of production and productivity, financing and investment, land title disputes, the portfolio of past-due farm loans, credit, production companies, agribusiness and social

services, the rights of farm workers, Indians, peasant women, and young peasants. I believe this all forms a whole, the beginning of a peasant program for our organization, which we will work to promote in all the states of Mexico and to develop an action plan that will set up an instrument of this Council of Agrarian Organizations in each part of Mexico. We plan to hold another event on 28 November, the anniversary of the Ayala plan, to draw up a sort of status report on what we have done and what we still need to do.

[Moguel] Did the National Peasant Assembly take a position criticizing the recent constitutional reforms and the passage of the new agrarian law?

[Lopez] Of course. At the working group session, it was stated that the Article 27 reforms are in opposition to ideas held for decades about rural development and agricultural production. We think the Article 27 reforms completely break with that structure and strike out wildly at the rural social sector, raising the prospect of creating and increasing the numbers of poorly paid farm workers and poor and miserable peasants. The reforms are tailored to suit the requirements of so-called world-wide globalization, of regional power blocs, and naturally the interests at stake in the Free Trade Agreement.

[Moguel] What did the National Peasant Assembly propose concerning the land titles backlog and the portfolio of past-due farm loans?

[Lopez] The group working on the land title issue demanded that this be truly resolved in favor of the peasants, and above all, in favor of those most directly affected, people seeking land. We do not want the claims of peasants who are not in any organization to be simply filed away somewhere. We also touched on the point of precarious possession; many thousands of hectares have been given by the SRA [Secretariat of Agrarian Reform] and the state governments and are now held in precarious possession. We think this is also part of the land title problem and it should be resolved legally by creating appropriate "ejidos." We also believe that matters should not be transferred from the Department of Agrarian Reform to the Agrarian Tribunal or the Collegial Tribunal, for it is clear that at least the temporary provisions of the reformed Article 27 should be respected, which state that the entire land title issue should be handled in accordance with the provisions of the former law.

On the issue of past-due loans, we have moved ahead on paper, but in practice, Banrural [National Rural Credit Bank] has not made any decisions. We want past-due and normal interest charges to be canceled and the principal owed by the peasants to be lowered from 60 to 80 percent. But the issue of past-due farm loans is not getting anywhere in practice; it is on paper, but not in reality.

Another important point that the Departments of Finance and Agrarian Reform, as well as Banrural, do not want to deal with is that they should not leave out of the past-due loans solution the issue of approximately 900,000—almost 1 million—holders of very small plots of land, of which 300,000 or 400,000 are in debt to Banrural. We have agreed to fight on that issue, like all the other issues, for they were only guilty of crop failures (to use one example) or of having inadequate insurance coverage. We say that past-due farm loans should be canceled for all those who are not to blame for their nonpayment. And we are also asking for an end to the pressure and repression exercised by Banrural.

[Moguel] What else can you tell us about the new peasant movement?

[Lopez] I think that the peasant movement, both the one here and the one represented in Oaxtepec, have not yet developed a broad program. We still need to work; we have to fight hard to develop a program, and above all, we need to fight hard to make the government keep its promises. It would be ideal if both the peasant movement represented in Oaxtepec and the one here could unite their forces and really wrest from the government the solutions rural people urgently need to raise their standard of living and the standard of living of their families. We have to move toward a civilized society; most of all, we must respect democracy, the fundamental factor in the country's economic and productive development.

## * UGOCP, CIOAC Views

*92CA0151C Mexico City UNOMASUNO in Spanish 14 Apr 92 p 7*

[Report by Alberto Ramirez Rivera]

[Text] Jose Luis Diaz Moll, the leader of UGOCP [Popular Peasant and Worker General Union], said the peasant movement will not remain outside the government's steps to solve the problems of the land titles backlog and past-due farm loans; it will coordinate actions with the Agrarian Ombudsman's Office and the new courts, "a commitment made before President Carlos Salinas de Gortari" during the peasant meeting held in Oaxtepec, Morelos.

When interviewed separately, the press secretary of the CEN [National Executive Committee] of the CIOAC [Independent Federation of Agricultural Workers and Peasants], Agustin Rubio Montoya, said the leaders of the organizations who took part in this meeting on the land title backlog and past-due farm loans did not stand up for the peasants' interests, but instead supported the government officials: "They accepted everything that was said and done for purely political motivations."

The UGOCP leader said that the participation of regional and national peasant organizations will ensure that these two problems, "the central axes of the new peasant movement in Mexico," will be resolved, but people must realize that "the land title backlog is not a conflict involving individual cases, but instead a matter of solving the problem of landless peasants."

On the issue of past-due loans, he said that through a process of coalition building with Banrural [National Rural Credit Bank], they will reach an agreement to guarantee credit and set up state committees to evaluate and monitor the reactivation of credit and of new mechanisms to stimulate production.

"Settling the land title and past-due loans problems," noted Diaz Moll, "is vital if we are to begin modernizing Mexican agriculture. These problems are heavy burdens that do not help to promote peasant reform; if we do not try to solve them, we will not be able to handle problems that will arise in the near future."

He also noted that during the Second National Peasant Economic Organizations Meeting, the participating associations emphasized that presidential resolutions must be executed, so that peasant ownership will be respected and consolidated in compliance with the law when farms are purchased and so that those affected will be compensated.

In addition, he noted that the settlement of past-due loans is not of much use if credit is not eased for production; this is essential for the exercise of people's rights to produce, to associate, or to engage in any form of work that will satisfy their needs.

Rubio Montoya said that the meeting in Oaxtepec, Morelos, "might have been better if the leaders of the UGOCP, UGOCM [General Union of Agricultural Workers and Peasants], CNC [National Peasant Confederation], CCI [Independent Peasants Federation], CAM [Mexican Agrarian Confederation, CCC [Cardenist Peasant Federation], UNORCA [National Union of Autonomous Regional Peasant Organizations], and Alcano [Peasant Alliance of the North] had stated the problems of the land title disputes and of the past-due loans in a critical and analytic manner, as the agricultural situation demands, but they just accepted what was said by political functionaries and did not listen to the real peasants."

The heart of the matter, what was cooked up in Oaxtepec—said the CEN press secretary of the CIOAC—was an exaltation of General Emiliano Zapata by government officials and the leaders of some peasant organizations of the Permanent Agrarian Congress; that is quite different from doing anything to solve the two major problems facing the working people of Mexico.

He commented that the attitude of those CAP [Permanent Agrarian Congress] organizations can be summarized succinctly: "If I do not go to this meeting I will be left outside the political game." On the contrary, he said, in the CIOAC "we decided not to go along with these political tricks and not to attend that meeting, for we have another vision of how to deal with these conflicts."

In closing, he noted that what happened at that meeting will have nationwide consequences, as many of the "real" peasants in attendance noticed their leaders' "tricks." This will further "arouse the workers after reforms they do not want have been imposed on them by the agrarian law."

## El Salvador

### FMLN Calls Nominees for Police Chief 'a Hoax'

*PA2805030992 San Salvador Radio Cadena YSU in Spanish 1800 GMT 27 May 92*

[Excerpt] The Farabundo Marti National Liberation Front [FMLN] described the list of nominees for the post of National Civilian Police [PNC] director as a hoax. Copaz [National Commission for the Consolidation of Peace] presented the list to Salvadoran President Alfredo Cristiani during the week of 18-22 May. The list contains the names of the candidates to the position of PNC director: Alvaro Marino, Arbizu Mata, and Benjamin Cestoni. Cestoni was rejected by the FMLN as unqualified, according to Roberto Rocca, an FMLN commander and member of Copaz.

[Begin Rocca recording] Of the list, we feel that Cestoni is, in fact, the most unqualified person to be nominated for the position of PNC director. We have no personal reservations, but we are interested in the political aspects. We feel that any person who has been active throughout the war in an entity that has specifically served to cover up human rights violations by the military forces—even though that entity hid behind the name of the Human Rights Commission—cannot be as impartial as is necessary to perform the duty of forming this new type of police force. [end recording]

Roberto Rocca said the case would be studied by Copaz on 27 May. He said the organization took advantage of the absence of the FMLN, which is a member of Copaz, when reaching its decision on the list of candidates.

[Begin Rocca recording] We are going to appeal the Copaz decision because it is a hoax. It is a decision that was reached by taking advantage of the situation. It was a very vulgar political maneuver. They took advantage of our absence to do something we had agreed would have the group's consensus. We had agreed we would use all possible means to reach a consensus. [end recording] [passage omitted]

### Objects to Candidates

*PA2805044092 San Salvador Canal Doce Television in Spanish 0300 GMT 28 May 92*

[Text] The National Commission for the Consolidation of Peace [Copaz] resumed its work with all members present on 27 May. The Farabundo Marti National Liberation Front [FMLN] refused to participate in the forum a week ago following an alleged attack on one of its members. According to the FMLN General Command, even though they are not completely satisfied with the official investigation, they cannot continue to delay Copaz' work.

[Begin unidentified FMLN leader recording] What we have now is a commitment from President Alfredo Cristiani, who said the investigations will be intensive. He said he would try to present the investigation results as soon as possible. That is what the government has pledged to do, and based on that, we have decided to return to work. We must explain our position here in Copaz. We said we were going to concentrate on solving that problem. We believe it is being handled, and we hope the investigation will lead to the truth as soon as possible. [end recording]

The absence was not very beneficial for the FMLN, because they are now facing an agreement—which they hope to revoke—that deals with the two candidates for the post of National Civilian Police [PNC] director. According to reports, Copaz elected Benjamin Cestoni and Ernesto Arbizu Mata by a margin of one vote.

[Begin unidentified FMLN leader recording] First of all, the election took place in our absence. This is a very delicate matter. Not everyone on the list of candidates meets the legal requirements. We believe the most important thing is for the police director to have the approval of all political forces, because we are trying to create a police force that is truly new. [end recording]

According to the FMLN, the first director of the PNC must have a minimum of support from the people, and that is why the FMLN hopes President Cristiani's decision will not be hasty, regardless of what they may achieve within Copaz.

## Nicaragua

### Human Rights Group Sends Letter to Minister

*PA2705153892 Managua Radio Corporacion in Spanish 2200 GMT 26 May 92*

["Open letter" to Government Minister Alfredo Mendieta from the Permanent Committee for the Defense of Human Rights, CPDH; date not given]

[Text] Mr. Alfredo Mendieta, Government Ministry, Managua.

Dear Mr. Mendieta:

The Permanent Committee for the Defense of Human Rights, CPDH, addresses you to convey its concern over the anarchic situation prevailing in various agricultural areas of Nicaragua, especially in the Departments of Matagalpa and Jinotega, where the legitimate rights of Nicaraguan citizens are being violated and the authorities under your supervision have not been able to guarantee these rights.

This commission learned that the El Laberinto Farm, owned by Abraham Ubeda Rodriguez, and a farm owned by Esau Ubeda Rodriguez, both in (Sanpopera), Pantasma, Jinotega Department, were torched on 20 and 21 May, respectively, by the so-called revueltos [mixed group of recontras and recompas] who had occupied those properties arbitrarily since 10 April. Brothers Abraham and Esau Ubeda have received death threats from those who destroyed their properties.

The CPDH has also received reports that dozens of farms in Wiwili and Pantasma, also in Jinotega Department, are in the hands of these individuals, who have threatened to torch them if the government rejects their demands. We are attaching to this letter a partial list of such properties.

This committee was told that Government Ministry regional authorities have held talks with these individuals, who are openly committing crimes by usurping these properties. Such talks or negotiations have not prevented the destruction of the properties of the peasants Ubeda Rodriguez.

This committee recalls that ensuring respect for and safety of citizens and their property and pursuing and trying criminals are among the main duties of public order authorities. This committee believes that the inaction of the authorities in the face of this clearly criminal act violates the legal order and indicates complicity in the crime.

The repeated promises made by various authorities to enforce the law and ensure respect for third parties affected by these acts, which evidently seek to cause political and economic destabilization, become empty words in the face of reality.

As a result, this committee demands that you ensure immediate respect for the right to property and work of all people who, in Jinotega and other departments, have become victims of the criminal acts of these individuals called revueltos. In keeping with the laws of this country and beyond political or ideological considerations, we demand the arrest and trial of those acting deliberately outside the law.

Attentively, CPDH of Nicaragua.

[Signed] Eduardo Rivas Gasteazoro, Jose Castillo Ocejo, Digna Zamora de Corea, Julio Icaza Tijerino, Oscar Herdocia Lacayo, (Cesar Tibarojas), and Lino Hernandez Trigueros.

## PPSC Factions Reunite, Elect New Directorate

*PA2805000892 Managua EL NUEVO DIARIO in Spanish 24 May 92 p 6*

[By Edgard Barberena]

[Text] The differences between two factions of the Popular Social Christian Party (PPSC), which separated between 1989 and 1990, were overcome secretly at a congress in which former Central Bank President Francisco Mayorga was elected to the party's directorate.

The congress, which was held on 17 May, elected Luis Humberto Guzman, who is the current chairman of the National Assembly's Economic Affairs Commission, as national president (a new post). Mauricio Diaz, former PPSC secretary general and ambassador to Peru, was not elected to the directorate.

Cesar Delgadillo Machado, the newly appointed immigration director who headed one of the PPSC factions, was also elected to the directorate. The Political Parties Council must be notified officially of his election.

The efforts that led to the reunification of the two factions were never leaked to the media; in fact, party leaders held their congress with no journalists present.

The PPSC elected a National Executive Commission that is made up of Luis Humberto Guzman, who was elected president; Jose Gabriel Moya, vice president; Luisa del Carmen Larios, secretary general; Alfredo Rodriguez, assistant secretary general; Socrates Lopez, organization secretary; and Carlos Gabuardi, training secretary.

Felipe Matute was elected communications and propaganda secretary; Max Hurtado, secretary of international relations; and Cesar Delgadillo Machado, secretary of finance. Delgadillo served as National Port enterprise director during the Sandinist administration.

The PPSC also elected a National Political Commission that is made up of Francisco Mayorga, Mariano Cisneros, Pedro Arceda Picado, Emilio Martinez Ochoa, Reynaldo Lopez Tercero, Mercedes Acevedo, and Pablo Amador Mairena.

It also elected a National Disciplinary Tribunal that is made up of Natividad Matute, Miguel Mendez, Faustino Rivera Gonzalez, Saul Espinoza Cabezas, and Emilio Ruiz Pastran.

According to the Law on Political Parties (contained in the electoral legislation), the PPSC must fulfill certain requirements, including official notification that the new partisan structure has elected its new directorate. This requirement would imply reforms to its statutes.

National PPSC President Luis Humberto Guzman told EL NUEVO DIARIO: "This has ended the tension brought about by the 1990 elections." The factions were integrated at this congress for constructive purposes, and prominent members were reelected to their posts in the national directorate, he added.

As for the former Central Bank president, Guzman said the PPSC took a step forward by electing people who have been militants for years, including Carlos Gabuardi Lacayo and Francisco Mayorga Balladares.

As for the government's appointment of Cesar Delgadillo as immigration director, Guzman said this is a personal achievement "because Delgadillo has a well-deserved reputation, and I believe this is why the government asked him to occupy this sensitive post. Perhaps it was not for economic reasons but for security reasons."

"The government needs a person it can trust in that post. We have noticed that the government is creating opportunities for civilians at the Government Ministry [MINGO]. An example is Juan Gaitan, who was appointed MINGO secretary general.

## Panama

### Linares on Peru's Reaction to Suspension of Ties

*PA2805044792 Panama City Circuito RPC Television in Spanish 2300 GMT 27 May 92*

[Text] Despite the break in diplomatic relations between Panama and Peru, commercial exchange between both countries will continue, Foreign Minister Julio Linares said on 27 May.

On 26 May, the Peruvian Government renounced the decision of the sister Republic of Panama to suspend diplomatic relations with Peru, at a time when the American community has voiced support for the Peruvian Government's transparent position and for its commitment to restore constitutional order soon. It is also a time when other countries of the continent have decided to normalize their relations with Peru.

On 27 May, after reiterating that this decision was made after the palace coup led by President Alberto Fujimori on 5 April, Foreign Minister Julio Linares assessed the reaction of the Peruvian Government:

[Begin recording] [Linares] I am pleased to hear that the Peruvian Government regretted this incident, just as we have regretted having to adopt this position.

[Unidentified reporter] Mr. Foreign Minister, how are commercial relations between Panama and Peru?

[Linares] They remain unchanged. The suspension of diplomatic relations... [pauses] I think the communique is very clear. This is why consular relations are maintained. [end recording]

Chamber of Commerce President Guillermo Fernandez said on 27 May that commercial exchange will continue, despite the political situation between the two countries.

[Begin Fernandez recording] I think commercial exchange between our two countries will not be affected, because private enterprise and the commercial sections of both missions continue to operate. The suspension of relations will only affect diplomatic relations.

I must say we have received correspondence from the Peruvian private sector, which is supporting its government for obvious reasons. They are hoping that the events in Peru will eliminate the problem of corruption. This is the position of the Peruvian private sector, which we do not endorse. However, we understand it because we believe that corruption must be eliminated. This is one of the points expressed by Mr. Fujimori.

In our country, however, we must defend democracy. [end recording]

### Legislator Supports Suspension

*PA2805020692 Panama City Circuito RPC Television in Spanish 2300 GMT 27 May 92*

[Text] The rupture in diplomatic relations with Peru demonstrates that Panama has a foreign policy independent of the international organizations, Legislator Olimpo Saez, chairman of the Foreign Relations Committee, has stated.

[Begin recording] [Saez] I feel the Endara government is, first of all, abiding by international commitments that it pledged to keep. We are also showing the world that our foreign policy is independent of the United States and the OAS, which is inoperative and inefficient at resolving conflicts and strengthening the democratic process in Latin America.

[Unidentified reporter] However...

[Saez, interrupting] President Guillermo Endara and Foreign Minister Julio Linares are promoting an independent foreign policy. I agree with that. In this country, you get criticized either way. [end recording] He added that trade policy will remain unchanged because consular relations will continue between the two countries.

### Board of Electoral Delegates Commission Sworn In

*PA2805004992 Panama City EL PANAMA AMERICA in Spanish 27 May 92 p 1A*

[Report by Arnulfo Barroso Watson]

[Text] During a ceremony on 26 May to install and swear in the board of the Electoral Delegates Commission [Cuerpo de Delegados Electorales], an event attended by delegates of the political parties, President Guillermo Endara said the 1994 elections will be "irreproachable" and that government resources will not be used to support any candidate.

Endara pledged to back fully the Electoral Tribunal so that the 1994 elections can be exemplary. He said he "has pledged his word, his best intentions, and his willingness," so the upcoming elections can become a democratic landmark, as has happened in Costa Rica.

The swearing in of the board of the Electoral Delegates Commission was attended by President Endara, several of his cabinet members, the Legislative Assembly president, magistrates of the Supreme Courts of Justice of Panama and Costa Rica, and Panamanian Catholic Church Auxiliary Bishop Oscar Brown, among other public personalities.

Electoral Delegates Commission President Roberto Lombana said the presidential elections were supervised by the military during the past 25 years, but the 1994 elections will be supervised by the eight-member, apolitical commission, which is "committed to serve the nation."

Some of the most important functions of this apolitical commission include coordinating electoral activities to preclude public disturbances, mediating between politicians, civilian, and police authorities on the casting of ballots, and seeing that the Electoral Tribunal's instructions are observed.

Members of the Electoral Delegates Commission, who were advised by their Costa Rican counterparts, will initiate their duties as soon as the election begins and will cease those duties 48 hours after the election is over.

During the 1991 partial elections, the Electoral Delegates Commission worked on an experimental basis. Based upon this experience, it was decided to continue the commission's activities during the 1994 elections, the first democratic elections to be held since the electoral order was disrupted in 1968.

Electoral Tribunal President Guillermo Marquez Amado said when he took the floor that it is necessary to give the Tribunal financial resources so that it can function efficiently. He predicted that the 1994 elections will be a model of honesty in the country's electoral history.

## Argentina

### Duhalde Terms U.S. Involvement 'Inappropriate'

*PY2505132392 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1136 GMT 25 May 92*

[Excerpt] Buenos Aires, 25 May (NA)—Buenos Aires Province Governor Eduardo Duhalde said yesterday that the comments made by U.S. Ambassador Terence Todman about an eventual constitutional reform shows that "the United States is not one of those who oppose the reelection of the president."

Duhalde also labeled Syrian narcoterrorist Monzer al-Kassar as a "sort of strange" individual. He said that he does not remember seeing him in the Government House when he was vice president or acting president.

In comments made yesterday to Radio America, Duhalde pointed out that the so-called "passport deal," by which passports were given to people accused of trafficking drugs or arms, is something that "happens to countries which still are not organized." He added: "When they occur it is because there is an economic or political interest or friendship."

Regarding the comments made by Ambassador Todman, who said in an interview that the presidential reelection "is not bad," Duhalde said: "This is the way the North Americans tend to handle certain things."

"They believe that what they do in their country is always good, and they never lose any opportunity to say so," Duhalde said in response to a question about the U.S. ambassador's opinion on this matter.

Duhalde added: "I heard recently that the Argentine establishment was in disagreement with the reform and was struggling against the presidential reelection." He added that according to those comments "the U.S. Embassy also held that position."

Duhalde said: "There were insistent rumors last month that the U.S. Embassy was making efforts in support of the reelection in Argentina, which seems inappropriate to me, because no country—no matter how powerful—should meddle in the internal affairs of other countries." [passage omitted]

### Former Minister Says Cabinet Should Resign

*PY2805002692 Buenos Aires BUENOS AIRES HERALD in English 27 May 92 p 11*

[Text] (NA-DYN)—Peronist senatorial candidate Avelino Porto insisted yesterday that members of the national Cabinet should voluntarily tender their resignation in order to pave the way for a government overhaul.

In turn, former Interior Minister Julio Mera Figueroa lashed out at his successor, Jose Luis Manzano, saying he lacked the talent to remain in his post and should immediately step down.

Mera Figueroa, who aims to represent his home province of Salta in the national Senate, said Manzano "brings more problems than solutions."

Mera Figueroa's criticism of Manzano compounded the campaign against the minister led by a group of ultra-Menemist deputies, whose figurehead is Lower House second vice-president Luis Martinez.

Manzano and Mera Figueroa are protagonists of an old power dispute which broke out when President Carlos Menem reached government. While Mera Figueroa represents the now virtually extinct "crimson red" party line, Manzano closed ranks with the "light blue" faction which includes the President's brother, Senator Edurado Menem, and Presidential Chief-of-Staff Eduardo Bauza.

Meanwhile Porto, who refused to identify the officials he thinks should resign, considered that the image of some cabinet members "has been greatly eroded."

"We are aware of who does a good job and who always has problems ... and the latter evidently don't bring success but setbacks," said Porto.

"The government of President Carlos Menem is nearly three years old and I think it is convenient for his team to consider resigning so that he may revamp his administration—I'm not just talking about ministers but about officials in all departments," he added.

Porto, who chairs the University of Belgrano and served last year as Menem's health minister, said it was very unfortunate that criticism and corruption charges should constantly be hurled at certain government officials. "I'm with those who are working to build a different country, and these police issues which have political repercussion don't held us to assess where the country is going," he underlined.

Finally, Buenos Aires Governor Eduardo Duhalde said yesterday he firmly believed Manzano's credibility had suffered no particular blows. "What I do believe is that it is absolutely wrong for people inside the government to ask the President for a minister's resignation."

### Economy Ministry Reports IMF Targets Reached

*PY2505175092 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 25 May 92*

[Text] The Argentine Republic has met the targets agreed upon with the IMF. This was confirmed by an IMF mission that visited our country for approximately two weeks.

The IMF delegates met with the economy minister over the weekend and discussed a number of issues, not just the evolution of this quarter's fiscal situation. They basically reviewed the implementation of the structural reform launched by the government, especially the changes to the tax code.

According to Economy Ministry sources, the first installment, which would total about $200 million, of the expanded financial facilities agreement would be received in late June or early July.

An Economy Ministry source said that the targets for three consecutive quarters have not been met for a long time.

It was reported that the IMF mission will return this week to Washington, where it will prepare a report for the IMF Directorate. The Economy Ministry officials believe this report will be very favorable.

Spokesmen for the economic team, which is headed by Domingo Cavallo, emphasized that not only the global fiscal surplus target, but the so-called performance criteria, such as limiting state expenditures and the Central Bank's internal credit and reserves targets, were met as well.

## Gas Privatization Law Approved; Details of Law

*PY2305003492 Buenos Aires BUENOS AIRES HERALD in English 22 May 92 p 5*

[Text] (DYN-NA)—Below is a synopsis of the Gas Privatization Law approved by the Senate on Wednesday [20 May] night, which provides the legal framework for the sale of Gas del Estado, the state gas utility which has a monopoly on gas distribution in Argentina. This will be one of the largest privatizations carried out by the national government:

- The sale of Gas del Estado is expected to raise 1.8 billion dollars in government revenue.

- Thirty percent of privatization proceeds will be earmarked toward the pension funds system, and ten percent to the provinces and Buenos Aires Municipality. An equal percentage will be distributed among Segba [Greater Buenos Aires Electrical Services] employees.

- Gas import restrictions are lifted. Gas exports must be approved by the executive branch.

- A government body (ENGE) [expansion unknown] is set up at a national level to watch over future private gas operators. ENGE's function will be threefold: consumer protection, promoting competitiveness and ensuring that domestic gas rates do not rise above international rates.

- The Economy Ministry will set gas rate ceilings for gas at pipe distribution points for one year. The ministry reserves itself the right to extend this period by a further twelve months.

The Economy Ministry will set gas rates for consumers until the moment of privatization.

- Home distributors and pipeline operators will be granted 35- year licenses.

- Gas invoices will have three components: gas value at the pipeline head, when it enters the distribution network, and distribution process.

- Infringements of the gas code will be penalized with fines ranging between 100 and 100,000 pesos, suspensions for up to 90 days and removal of licences for up to five years.

- Transporters are barred from buying or selling gas.

- The country will be divided into two regions of pipelines and twelve gas-consuming areas. The Federal Capital and Buenos Aires province are divided into separate areas.

## Maritime Transport, Port Industries Deregulated

*PY2805002892 Buenos Aires BUENOS AIRES HERALD in English 27 May 92 p 1*

[Excerpt] (NA)—The total deregulation of sea/river transport and port activities was enforced by decree yesterday in a revolutionary move by the government.

Economy Minister Domingo Cavallo made the announcement at the opening ceremony of the Second Paraguay-Parana Waterway Seminar held at the Argentine Industrial Union (UIA) headquarters here.

Cavallo said that decree 817/92 superseding all dockers and seafarer's labour agreements was signed by President Carlos Menem yesterday.

The decree also dissolves the Ports Authority and the Harbour Master's Office, allowing free access to the ports business and opening up free competition for the supply of towing, stevedoring and pilotage services.

The move aims to cut local port operating costs by nearly 60 percent and therefore improve the real exchange rate for exporters in order to avoid rocking the nominal exchange rate.

Cavallo also announced that "tax-collection structure improvements to allow transport companies to deduce their investments from the payment of IVA [value-added tax] are being considered."

In a move probably fuelled by the presidential decree, the Lower House is expected to pass the Ports Bill today, congressional sources said.

According to deputy Damaso Larraburu (Peronist), the majority bloc has accepted the amendments made by the Senate to the Ports Bill, thus paving the way for its approval.

According to congressional sources, the Radical Party will vote against the bill, understanding that handing over the ports to the provinces is merely a step towards their privatization. [passage omitted]

## * Church, Labor Leaders Address Social Problems

*92SM0396B Buenos Aires LA PRENSA in Spanish 29 Apr 92 p 5*

[Text] The Church and CGT [General Confederation of Labor] have agreed to ask "Argentine society" for "greater solidarity" in the face of "excessive neglect of population groups that are employed and unemployed, but that want to work," Monsignor Italo Di Stefano, president of the Episcopacy's social welfare team, said last night.

Di Stefano said this convergence of opinions became evident at an hour-long meeting held yesterday by members of the social welfare team and labor confederation leaders at a session of the bishops' plenary assembly in San Miguel.

Oscar Lescano, head of the CGT, emphasized that the bishops and labor confederation "agree on the major problems facing the country" given "the enormous transformations taking place in the world and Argentina. We see social injustice and a lack of equality."

Representing the Church, in addition to Di Stefano, were the remaining members of the social welfare team: Cardinal Raul Primatesta and Bishops Emilio Ognenovich, Justo Laguna, Pedro Vhohler, and Gerardo Farrell, commission secretary.

Representing the labor confederation, in addition to Lescano, were Jose Rodriguez, Jose Pedraza, Anibal Martinez, and Ramon Baldassini, who delivered a document to the bishops that expressed their support for the Church's social doctrine.

### Major Expenditures

Di Stefano said the need for "greater solidarity of Argentine society" is shown by "the great spending done abroad this past summer, spending we do not condemn, but about which the vast majority of all Argentines have doubts," given the social situation.

Lescano emphatically denied the labor confederation had ever asked the Church to mediate in its labor demands. Di Stefano stressed "the very great desire for dialogue" on the part of the CGT leadership.

Di Stefano blamed "erroneous, painful rumors" for the "impression" created among the people that "there was ill will in the Church" about meeting with the CGT. He further stated that the real reason was a "very tight agenda."

In a letter delivered by trade unionists to the social welfare team, the CGT expressed its "gratitude for the bishops' special concern over protecting the rights of the most deprived sectors, rights that must be guaranteed in the drafting and execution of the entire socioeconomic plan or program."

### Deliberations

The usual press conference was held in midafternoon concerning the bishops' plenary meeting in San Miguel. It was presided over by Estanislao Karlic, first vice president of the Episcopacy and archbishop of Parana.

The prelate said there are times "in the lives of nations" when "sacrifices are necessary," adding that "all society must be responsible for them, making every last effort they can."

The prelate explained that delegates to the conference devoted day sessions to a discussion of the Vatican's forthcoming publication of the universal catechism, a substantive work containing the principles of Catholic doctrine that took years to complete.

He said the bishops also discussed progress made in preparation for the Fourth General Conference of Latin American Bishops to be held in October in Santo Domingo and to be attended by Pope John Paul II.

## * Bishop Assembly Expresses Concern on Poverty

*92SM0396A Buenos Aires LA PRENSA in Spanish 30 Apr 92 p 1*

[Text] The 63d Plenary Assembly of the Argentine Episcopal Conference [CEA] has concluded its deliberations with a harsh warning concerning the "difficult situations in which vast sectors of the Argenntine people are now living as a result of poverty, the lack of work, inadequate employment to support a family, and insufficient income for the retired." However, it also recognizes "the efforts being made in this field by those in government."

Cardinal Antonio Quarracino, head of the CEA and archbishop of Buenos Aires, observed at the close of the deliberations that Argentina has "growing poverty and a lack of solidarity," which has prompted the bishops to "remind everyone of the duty to recognize and respect human dignity, particularly among our poor, weak, suffering brothers."

The bishops' deliberations were scheduled to conclude today, but surprisingly ended nearly 24 hours earlier. As anticipated earlier this week, the bishops postponed the dissemination of a "wide-ranging" document on the country's situation until October.

At a press conference organized as a conclusion to the 63d Plenary Assembly of the CEA, Quarracino simply read an eight-paragraph bulletin but refused to answer questions from newsmen who had assembled at the Maria Auxiliadora Spiritual Retreat Center in Buenos Aires' San Miguel District.

### Impact of Economic Adjustment

The concise bulletin read by Quarracino repeated warnings about the impact of the economic adjustment, while

recognizing the "effort" of those in the government to rectify the situation of the neediest population groups.

Reading from the text, Quarracino said that "in the socioeconomic field, we bishops witness difficult situations endured by large sectors of the Argentine people due to poverty, a lack of work, inadequate employment to support a family, and insufficient retirement income.

"If we take note of this, it is because of our love for the people themselves and in an attempt to promote a sustained search for effective solutions, even if they are not easy," the prelate added.

Quarracino went on to say that the bishops are conscious of "efforts being made in this field by those in government" and noted that "we neither want nor can issue any value judgment on technical aspects, much less discourage hope."

However, he emphasized that the Church feels a "need to recall, as part of our ministry, the importance of honesty, effectiveness, and sensitivity to the most deprived."

"It is not only those in government who bear responsibility in these areas. Parents, businessmen, workers, professional people, teachers, artists, scientists, and athletes must also do their share. They must all make an effort to work conscientiously and practice solidarity," Quarracino said.

**Manifestations of Injustice**

The archbishop noted that as a result of secularism, "we see various manifestations of injustice," including "attacks on life, growing poverty, and a lack of solidarity."

In this sense, Quarracino said that "these inadequacies prompt us, out of faithfulness to the Gospel, to remind everyone of our duty to recognize and respect human dignity in a special way among our poor, weak, suffering brothers."

Reading the bulletin's last paragraph, Quarracino noted that the bishops "value and appreciate" the task of the communications media, adding that "we, too, would like to have more respect in order to avoid distortions of opinion, erroneous interpretations, and nonexistent or exaggerated conflicts."

"We wish that our mission would always be taken into account: proclaiming Jesus Christ by preaching the word and bearing witness, hoping to reach all men of goodwill," he said.

Summarizing the results of the plenary assembly of the CEA, which began its sessions on Thursday, Quarracino said the bishops "have agreed to reaffirm a common line of action in the new evangelization of our nation, transcending nuances and differences that do not divide us, but rather, enrich us and are mutually complementary."

**Church's Responsibility**

"In its own path, the Church feels a responsibility for keeping its focus on God rather than on the objectives of this world. It renews its mission to live and proclaim Jesus Christ as the Lord and Savior of all men. We are certain that this service contributes to the good of all Argentines," he said.

Quarracino emphasized that "in recent years and in a great shared effort, the Church in Argentina has endeavored to renew its evangelizing task," which is "a constant source of joy and new concerns."

Finally, the archbishop said that "more and more work is being undertaken on behalf of the family, young people, and education, work aimed at improving and extending our preaching, catechism, and presence in districts and communities to everyone."

## * Labor Expected To Assume Militant Role

*92SM0381B Buenos Aires LA PRENSA in Spanish 21 Apr 92 p 9*

[Report by Daniel Lupa]

[Text] While the unified CGT [General Confederation of Labor] is seeking a general manager with a university background and not necessarily with a record of "workers' activism," a number of union groups—either independent or affiliated through agreements reached by the confederation apparatus—are moving to create a setting for agitation and work stoppages related to a number of demands.

From the remnants of the railway workers to bank employees or various sectors of the ATE [Association of State Workers], through a decision to call for work stoppages or protest demonstrations and with or without support from the left and other parts of the political spectrum, growing social pressures will begin to make themselves felt starting this week.

Spontaneous? Organized? Opportunistic? All the signs indicate that while the major topic of public concern until last week was reports of corruption in the financial media reaching into the very heart of the nation's financial system, now we can expect concern—either additional or replacing earlier worries—about social agitiaton.

Though there may have been no specific organization, even before the Holy Week holiday CGT groups were analyzing the prospect of using a solid operational base to move forward with negotiations on key issues that will have an impact on possible reforms in legislation on labor negotiations, union organization, social programs, and retirement: the four pillars of "union power."

A meeting early last week—one of the first of the reconfigured CGT leadership—considered the gradual lessening of agitation among the railway workers, and without expressing happiness about that, there may have

been an undercurrent of satisfaction. The "rebel" railway workers—rebels against the central leadership, but closely associated with the left—apparently detected this satisfaction and prepared to demonstrate their effectiveness.

The long weekend seemed to be a favorable time, giving them an opportunity to exert pressure in the most obvious and visible way: starting last Tuesday they have been broadcasting their disappointment and resentment about the layoffs, preparing to punish the Holy Week tourists. But the falling level of participation has been felt by the smaller scale of this work stoppage, which did not have the magnitude of previous weeks; nor could they rouse the declining determination of "the grassroots" to protest.

So early last week as the CGT was observing these limits to their show of strength, the top leaders of the railway "rebellion" analyzed the situation with the left, seeking to use "the railway cause" as a springboard for mobilization. Lacking motivation—and support—the left did not want to let this opportunity slip through its fingers. It wanted to use the agony of defeat, turning it into a protest; nothing better stimulates resentment.

The plan devised by the PC [Communist Party] and MAS [Movement Toward Socialism] reportedly relied on "using a surge of tension that the CGT itself will stimulate": bank employees, government workers, and various other groups more or less closely allied with the unified CGT leadership will carry out a plan of agitation starting this week.

The "protest march"—on Wednesday—halfway through a week when the bank workers will also stage a protest, "will necesarily promote unification" (so said an exhortation to the PC faithful). The push for convergence will have to be publicized, probably by flyers prepared for use during this week that will appeal for "grassroots unity," urging people to rise "above different leadership groups."

But the CGT has more elaborate plans than these limited operations of leftist reaction. In addition to displays of strength and the disturbances created by the march on Wednesday, they will begin political negotiations on two parallel levels: a) in the legislature, where they will try to rewrite the bills awaiting approval (there is at least one alternative retirement plan and two for social programs, while they lobby to abandon any idea of amending union and collective bargaining laws), and b) in the executive branch and in the party, relying on stronger contacts in the Ministry of Labor and on the election campaign process for the Peronist national board to come out against such reforms.

The arguments seem to be growing stronger with the revision of the radical bloc's initiative, with the support of Dr. Fernando de la Rua. This proposal calls for legitimizing the $1,500 increase in the legislators' pay "in the black" or the salary increases provided in Rio Negro (an average of 7.8 percent after 1 April above the raises already made since 1 January) and in Catamarca (a 100 percent increase in salaries in effect since 1 July 1991) with the consent of the Ministry of Labor. The Ministry of the Economy has not objected to these decisions, even though those provinces have still not complied with the budget adjustments arising from commitments made to expand the federal contribution.

## Bolivia

### President Begins Dialogue With Political Parties

*PY2705133292 La Paz Television Boliviana Network in Spanish 0200 GMT 27 May 92*

[Text] President Jaime Paz Zamora today began a political dialogue at the highest level seeking a consensus to solve several important topics related to Bolivian political life.

One of the basic reasons for the peace and tranquillity being experienced in the country is the dialogue-policy being implemented by the government in an attempt to solve the various problems of the Bolivian people in general and with the most representative political and social groups.

Within this framework, President Jaime Paz Zamora summoned the leaders of all political parties to a broad dialogue on the most important topics that concern the government. The initiative was received positively by the political parties, who have already begun to prepare proposals which may lead to positive solutions—which will be reached through dialogue—to the major national problems.

At the invitation of the president of the Republic, Nationalist Revolutionary Movement [MNR] leader Gonzalo Sanchez de Lozada went to the Government Palace today. Paz Zamora took the political leader on a tour of the refurbished rooms of the palace. Various topics were discussed before they went to a private room where the meeting took place.

Five topics were discussed during the meeting: The constitutional reform, decentralization, electoral law reform, educational reform, and a strategy to fight corruption.

[Begin Sanchez de Lozada recording] I believe that the meeting was very positive and that the topics were discussed very frankly. I hope this sort of meeting becomes more common in Bolivia. Now, [words indistinct] party leaders, who charge me with making alliances. This meeting is not a sign that the MNR has made an alliance with the Nationalist Democratic Action or the Movement of the Revolutionary Left. We continue to be in opposition, as we have been for the last three years. We believe, however, that hunger cannot wait. The destitute have too many problems, including droughts and floods, which must be solved by Bolivian

politicians. We have always fought an honest fight, never a destructive fight that could harm the needy sectors of our society. [end recording]

It has been reported that meetings with the leaders of other political parties still have not been scheduled.

### Minister Cespedes Regrets U.S. Envoy's Remarks

*PY2805233892 La Paz Television Boliviana Network in Spanish 1700 GMT 27 May 92*

[Text] Minister of Information Jaime Cespedes Toro has categorically deplored the statement made by U.S. Ambassador Charles Bowers, who said that the coca leaf is a symbol of slavery.

[Begin recording] [Unidentified reporter] Sir, the U.S. ambassador to Bolivia has said that the coca leaf is not a sacred symbol but rather a symbol of slavery. What is your opinion in this regard?

[Cespedes] By making this unfortunate statement, the U.S. ambassador has shown his ignorance about Bolivian affairs. It is also evident that it is very difficult for him to accept the ancient values of a millenary culture because he comes from a modern country that has virtually eliminated its indigenous cultures.

I sincerely regret this statement, which also has been rejected by the entire Bolivian society. It was a regretful statement. [end recording]

### Legislators Also Reject

*PY2805022692 La Paz La Red Panamericana in Spanish 0000 GMT 28 May 92*

[Excerpts] National legislators have unanimously rejected remarks made by U.S. Ambassador Charles Bowers on coca leaves. Legislators interviewed by Panamericana said they could not accept Ambassador Bowers' remarks at a time when Bolivia is embarked on a war to eradicate coca plantations in a rational way and that the principle of alternative development is the best element to achieve this goal.

Legislators also mentioned that police interdiction also has yielded positive results. Deputy Hugo Gonzalo Mercado, president of the Chamber of Deputies' Narcotics Committee, said conditions are being created in the population to industrialize coca production.

Mercado said this would be an aggressive policy designed to prevent the use of surplus coca production in illegal activities. [passage omitted]

Mercado stressed that once the technological problems are solved we might consider a bill to permit the industrialization of coca leaves. Mercado said that Spain—against all expectations—proscribed this [word indistinct]. Mercado recalled that participants in the Vienna meeting classified coca in its natural state as harmless. Mercado added that the coca leaf becomes a drug only after it is chemically treated to become an alkaloid. Mercado concluded that the Vienna resolutions were shelved, adding that the positions adopted there were only demagogical because, in reality, the coca leaf is treated as a proscribed substance.

## Brazil

### President's Brother Comments on Family Rift

*PY2705164092 Sao Paulo VEJA in Portuguese 27 May 92 pp 18, 19, 20, 21, 22*

["Exclusive" interview with President Fernando Collor's brother Pedro Collor, Pedro Collor's wife Maria Tereza, and Pedro Collor's sister Ana Luiza by four unidentified VEJA journalists on 20 May at VEJA offices in Sao Paulo]

[VEJA] Do you consider yourself mentally ill?

[Pedro Collor] Not at all.

[VEJA] This question is justified because even your own mother has said it. Have you ever undergone psychiatric treatment?

[Pedro Collor] No, I never wanted to undergo psychiatric treatment or psychoanalysis. Such pressure has a clear objective: To convey to the public that I have no credibility, that I am under severe stress. My mother was persuaded to sign that letter. She was very naive.

[VEJA] Your statements and charges, the documents that you presented against Paulo Cesar Farias, and the criticism that you have made of the president have put the government and the country in a difficult situation. Are you aware of that?

[Pedro Collor] Absolutely.

[VEJA] You said that the details that you have revealed can destroy your brother's government. Is that what you want?

[Pedro Collor] No, but what has been the main slogan in Fernando's campaign? Whoever steals will go to jail. In practice, however, I see that things are quite different. No one can fool all of the people all of the time.

[VEJA] Did this quarrel begin with the appearance of a new newspaper to compete with the Gazeta de Alagoas which belongs to the Arnon de Mello organizations?

[Pedro Collor] At Planalto Palace in January 1991, I submitted to Fernando a plan to publish a new newspaper in Alagoas. It was to have been an afternoon paper. In the past, there were afternoon papers in the state, but they closed for various reasons. Now there is no afternoon paper in the state. Because I believed that there was a market opportunity, and because the printing section of our group was idle, I made the proposal to Fernando. I explained to him that the paper would not belong to the Gazeta group, and that it would be a separate initiative.

[VEJA] What did the president say about the idea?

[Pedro Collor] He told me: "No, do not go ahead with that idea, because I will build a parallel communications network in Alagoas with Paulo Cesar Farias, and this network will have a newspaper." Fernando said that the newspaper would be called TRIBUNA DE ALAGOAS. He added that the paper would be printed by the state's official printing house. I then asked him why he would not print it in our group's printing section. His answer was "no".

[VEJA] Was the communications network to have been run by Paulo Cesar Farias?

[Pedro Collor] Farias would be a figurehead. It would be an enterprise run by a figurehead and comprised of a newspaper and 12 to 14 radio stations.

[VEJA] What was your reaction to the creation of that network?

[Pedro Collor] My reasoning was that if the new newspaper was to be printed at the state's official printing house, it would be printed in black and white, and it would be aimed at winning a market sector, thus preventing opposing political groups from entering the area. They said that the paper would not actually compete with the Gazeta, but they suddenly bought exactly the same machines that we had, and they gave jobs to our employees, paying them three or four times the salary they were earning with us. Consequently, it is a business that is out to destroy ours, right? Everything began there. There was also a problem with the radios. During the meeting when I talked about the new newspaper with Fernando, I said we needed two FM radios of low or medium power, on the outskirts of Maceio.

[VEJA] How would you obtain the license for the radios?

[Pedro Collor] Through the normal procedure. Those two radio stations were already provided for in the plan that was designed by the government.

[VEJA] Did you obtain the licenses?

[Pedro Collor] I obtained two negative replies. Concurrently, they took action and they even included all the towns that so far had no FM stations.

[VEJA] Who did that?

[Pedro Collor] That was done at the request of Deputy Augusto Farias, who is Paulo Cesar Farias' brother. See how things happened: I talked with Fernando in an effort to publish a paper and I mentioned the radios that could be installed. I got a no. They, however, included some 12 radio stations that were not even considered in the plan.

[VEJA] Did you try to reach an agreement about the newspaper before beginning to gather documents about the businesses of Paulo Cesar Farias?

[Pedro Collor] My attempts failed because the plan was not merely to publish a newspaper, but to publish a newspaper to destroy ours. Last February, VEJA published a report by Eduardo Oinegue on the affair, in which I referred to Paulo Cesar Farias as walking leprosy. At that time I talked with Claudio Vieira (President Fernando Collor's private secretary, who was dismissed during the cabinet reshuffle). Claudio told me that for the past five days Fernando had not talked with him, with General Agenor, or with Marcos Coimbra. Claudio Vieira told me that the day before, Fernando met for 90 minutes with Attorney General Aristides Junqueira. Vieira said to me that Junqueira told Fernando that if I did not deny what was published in VEJA, Junqueira would order an investigation and that this would cause the government to collapse.

I told Vieira that I had no desire to destroy any government, that my intention was to protect myself and to report that Paulo Cesar Farias was like a walking nuclear bomb, irrespective of the newspapers or anything that may be supporting him. I told him that I could not deny the statements that I made in the report, and I demanded a firm promise that Paulo Cesar Farias would not attempt to destroy our organization. I suggested that Gazeta rent the printing facilities of the TRIBUNA DE ALAGOAS, that it pay the bill, and that we print the newspaper. I later talked about this proposal with Paulo Cesar Farias and he agreed. But when the agreement was to be concluded, he disappeared. Vieira then told me that Farias had changed his mind and that he would contact me. I am still waiting.

[VEJA] Why would President Collor, if he is behind the communications network mounted by Farias, want to damage and even destroy the family business?

[Pedro Collor] It is a matter that only Freud can explain. (Tereza, Pedro Collor's wife, asks to be allowed to speak).

[Tereza Collor] Fernando Collor did that because Pedro does not kow tow to him. Fernando saw that he could not remove Pedro from the administration of the family business. It was Pedro who managed—and he did it well—the enterprises all these years. Fernando wants to use the media as a political instrument while Pedro has the responsibility of administering it as an enterprise. This is where the disagreement originated.

[VEJA] Do you actually believe that Farias is the president's business figurehead?

[Pedro Collor] I do not just believe it; I categorically affirm it. Paulo Cesar Farias conducts the business on behalf of Fernando. I do not know exactly the purpose, but it must be to support [political] campaigns or to preserve the status quo.

[VEJA] Who owns the apartment in Paris where Guy des Longchamps' and Ironildes Teixeira's S.C.I. [not further identified] operates?

[Pedro Collor] It is his.

[VEJA] Whose?

[Pedro Collor] It is his, Fernando's, of course.

[VEJA] You have no doubts?

[Pedro Collor] I do not have the slightest doubt.

[VEJA] Who owns the Morcego Negro [Black Bat] private jet?

[Pedro Collor] I believe it belongs to Paulo Cesar Farias, but I cannot confirm this.

[VEJA] Will President Collor leave the government a wealthier man?

[Pedro Collor] Concerning his personal assets, he will. No doubt, whatsoever.

[VEJA] Is the president involved in your charges that Paulo Cesar Farias received 22 percent commission on the business between the IBF [expansion unknown] enterprise and the government to implement the federal lottery?

[Pedro Collor] Fernando is not involved in the sale, he just guides the business.

[VEJA] What happens to the money?

[Pedro Collor] Paulo Cesar Farias told everyone that 70 percent is for Fernando and 30 percent for him.

[VEJA] Do you believe this?

[Pedro Collor] I don't know if that is the exact percentage.

[VEJA] Nevertheless, do you confirm they are associated?

[Pedro Collor] I am sure. There is symbiosis there. I am not directly including Fernando in the charges. It is one thing to agree and quite another is to put it into operation. They are two different things. To put this into operation, concerning wrongdoings and illegal activities, is typical of Farias' personality. He enjoys doing that. Fernando is incapable of sitting at a table and saying: "This is the point: I need a little contribution [grana] for my campaign. Help me." He could be naked and without shoes but would not ask for help. Farias accepts anything. He will leave you naked if possible.

[VEJA] Have you heard Farias say he is associated with your brother?

[Pedro Collor] Yes, I have heard him say that.

[VEJA] And the president?

[Pedro Collor] No, I did not hear Fernando say that.

[VEJA] Is Farias a trustworthy person?

[Pedro Collor] If he, the treasurer of two of Fernando's campaigns, acts publicly the way he does and actually talks about this, I can only conclude it is true.

[VEJA] When was the last time that you and the president talked about Paulo Cesar Farias' activities?

[Pedro Collor] In January this year. I had just arrived from abroad and Fernando called me for lunch. It was a cordial conversation, although Fernando was very careful when mentioning Farias' name. He was very careful. I protested about the way in which Farias was trying to destroy our newspaper in Alagoas State, calling our employees. We talked about our newspaper's problems.

[VEJA] Did you mention the corruption charges against Farias?

[Pedro Collor] Not exactly with Fernando. I talked "x" times with my brother Leopoldo, with my sister Leda, with Claudio Vieira, and with Marcos Coimbra.

[VEJA] Why did you never talk directly with the president?

[Pedro Collor] I felt that, if I talked, he could have an extremely violent fit. Fernando does not like to hear criticism.

[VEJA] Why did you involve President Collor in your charges against Farias?

[Pedro Collor] I began receiving death threats from Farias' brothers through common interlocutors. I even talked to Claudio Vieira about everything that was happening. I concluded that Farias was not acting on his own behalf. It is typical of Fernando to use instruments. He does not confront you directly.

[VEJA] Do you not believe there is a real political willingness by the president to investigate Paulo Cesar Farias' activities? After all, the Federal Revenue Office has been instructed to investigate Farias' income tax situation.

[Pedro Collor] I do not believe this. I think the investigation would just muddle through or would just be superficial.

[VEJA] What is the difference between Paulo Cesar Farias and Pedro Paulo Leoni Ramos, aka PP? Or between Farias and Claudio Vieira? Or between the two of them and Claudio Humberto?

[Pedro Collor] Their methods. Farias is an expert in robbery, corruption, and blackmail. The others have goals, but they also have a limit. Farias has no limits.

[VEJA] How far will Farias go?

[Pedro Collor] He is capable of killing in order to extort.

[VEJA] You introduced Paulo Cesar Farias to Fernando Collor. When did you begin to distance yourself from him? And why?

[Pedro Collor] At that time, I did not see him as I see him today. He was a man engaged in business; just that. He

did not pay his bills, but he was a deft, winsome, and very congenial person. In business he is very winsome. I began to distance myself from him when Fernando became [Alagoas] State governor.

[VEJA] Do you have anything against citizen Fernando Collor, your brother?

[Pedro Collor] Personally I believe that Fernando is an extremely talented, charismatic, and attractive person. Sometimes he is a fantastic person, full of energy. At the same time, he is rancorous, revengeful, and adores manipulating people. He likes to dominate people.

[VEJA] You got to the point of saying that your brother Fernando once tried to seduce your wife Tereza. How?

[Pedro Collor] Not exactly that. Tereza and I had a period of trouble in our marriage, which often happens between couples. It was in 1987 when Fernando was governor of Alagoas. I was in Canada. I was informed that he called Tereza to the Palace for a chat. They talked for a long time. It was there that he used to have intercourse with some girls. There was gossip about it and I was informed. Tereza then went to Paris and Fernando called me to tell me that he had talked with her and that I should prepare myself because she was going to leave me. He said that I was too selfish and that I should prepare myself. Moreover, I knew he was calling her in Paris, taking advantage, of course, of the difficult relationship and perhaps trying convince her. I have copies of the palace telephone bills that confirm those calls.

[VEJA] Was there an explicit seduction attempt?

[Pedro Collor] I believe implicitly he was trying to take control of the situation, taking advantage of an emotionally weakened person due to the possible separation in the marriage. A pleasant voice, a friendly shoulder...

[VEJA] Tereza, was there a specific seduction attempt?

[Tereza Collor] No. He has that way of talking which is sort of friendly, like a counselor.

[VEJA] Although you suspected him of a seduction attempt, why did you continue to visit your brother? Why were you at his presidential inauguration?

[Pedro Collor] Because I did not want to damage my relationship with my brother. I was emotionally well controlled.

[VEJA] What can be derived from this is that you see that episode as one among several, and that your brother is trying to harm you. Is that correct?

[Pedro Collor] He wants me far away from the administrative command of the companies we have. He wants to place a person of his own there, for political reasons.

[VEJA] Did you name anyone for the federal government?

[Pedro Collor] Neither for the Maceio City Council, nor for the Alagoas State Government, nor for the federal government.

[VEJA] Why?

[Pedro Collor] It is not my style.

[VEJA] What do you think of the appointments proposed by Leopoldo (Collor's older brother)?

[Pedro Collor] I am not aware of any appointments proposed by Leopoldo. I do not talk about that with him.

[VEJA] Do you admit having used drugs in your younger days? Tell us about it.

[Pedro Collor] When I was young, in 1968, 1969, and 1970, it was a sort of a fad.

[VEJA] In 1968 you were 16 years old.

[Pedro Collor] That is correct.

[VEJA] What type of drugs did you use?

[Pedro Collor] Cocaine.

[VEJA] And did your brother Fernando use cocaine as well?

[Pedro Collor] Yes.

[VEJA] Was it he who led you to try cocaine?

[Pedro Collor] He did not exactly lead me to that nor did he introduce it to me. As a part of the upper class, people naturally have more access to that type of things. It was in this manner that I began using drugs.

[VEJA] Did you also try LSD?

[Pedro Collor] I tried LSD two or three times.

[VEJA] When did you stop using it?

[Pedro Collor] Immediately afterwards. I felt it was harming me. I lost a lot of weight.

[VEJA] Regarding the president, did you hear that he had taken drugs after the period of his youth?

[Pedro Collor] No. Not since then.

[VEJA] Did you hear about Allan Mishai Fauru?

[Pedro Collor] I have known him since I was a boy in Rio de Janeiro. One day, when Fernando was already governor, I think, Allan invited Fernando to be the best man at his wedding. A few years later he moved to Maceio and opened a small bar. I learned later that he was linked to traffickers, that he was trafficking. But he is not involved with Fernando whatsoever.

[VEJA] Do you not think that Brazilian institutions run some risk as a result of your denunciations?

[Pedro Collor] I think our institutions can shoulder the situation. If I start considering the welfare of the government too seriously I will not get anywhere. I have to do what is right. Let the others do their part.

[VEJA] Do you believe that following the latest changes within the ministerial cabinet, Farias is now less influential in the government?

[Pedro Collor] Yes. He has lost all or almost all his support.

### Campaign Treasurer Charged

*PY2705174292 Sao Paulo VEJA in Portuguese 27 May 92 pp 24, 25*

[By Luis Costa Pinto]

[Text] Since December 1991, businessman Pedro Collor de Mello has been gathering information against Paulo Cesar Farias [PC], the treasurer of his brother Fernando's presidential campaign. It is called "The File: Pedro Collor Against PC." Pedro Collor says that the file contains a few documents and a video cassette, which are kept in a bank safe box in New York. "The video cassette is already outdated," Pedro said. In order to update his charges against PC and his brother, Pedro granted an interview with VEJA magazine on 20 May at dawn and recorded it on a video. The exclusive interview had been agreed upon during a flight between Sao Paulo and Maceio on 19 May and it lasts exactly 90 minutes. In this video, Pedro Collor says that PC robs, extorts, and corrupts in federal government agencies using as a weapon his friendship with President Fernando Collor. Pedro Collor made further charges against his brother and gave details of their family life. The following are the main excerpts of the video:

—About the relationship between PC and Fernando Collor—I do not believe that he (Fernando) knew about every case, method, and attitude of PC regarding each specific subject; however, Fernando did know that PC used his name. PC would say: "70 percent is for the chief and 30 percent is for me." He said that to "x" number of people. They are such low level people, so unqualified, of such poor spirit, that I do not even know how to describe their attitude. Listen, the president perhaps does not know of all the ways, fields, and sources that PC approached, but he does know that PC is acting in his name.

—About the charges he is raising—I am aware of everything that happened. I am fully aware of everything. I know how it happened, with what objective, and who and when they were committed. All this shows how I must act regarding certain people like the PC's, the Fernandos, and the others in life. I know of the danger, even of the danger to my life that I am running as of now, following these charges which are very serious but very important for the country....

—About PC and the Alagoas government—He committed all kinds of imaginable crimes through the State Fiscal Secretariat (during Collor's administration in Alagoas State). He transferred the whole state account to a private bank, invested the money in the financial market, and kept the profits for himself.

—About the Alagoas sugar refineries—It is thought that PC earned $12 million from the sugar refinery owners for having obtained an agreement with the state (the State of Alagoas would not charge ICM [Goods Circulation Tax—on goods transported across inter-state borders] on the sugar cane collected from the plantation owned by the sugar refinery). I find that difficult to prove nowadays, but I know that the money necessary to start off his (Fernando's) campaign for president of the Republic was obtained from there.

—About the campaign money—Nearly $100 million was raised for (Fernando Collor's) second election round. Only a little less money was raised on the first round. PC collected the money, but he asked other businessmen to pay the expenses. He accounted for those expenses as if he were paying them. That is small fry compared to the volume he is currently making as a trafficker of influence.

—About Collor's personal accounts—During the campaign we (the family) paid Collor's personal expenses. The companies did not pay anything. There should have been some source, and the most natural is that the source was PC. Even when Collor became president, PC continued to pay. He would say in parties that he paid the credit cards of First Lady Rosane Collor. He would say that to demonstrate his intimacy with power and to make it easier to extort, corrupt, and blackmail.

—About the VASP/Petrobras [Sao Paulo Airline/Brazilian Petroleum Corporation] case—Marcos Coimbra [secretary general of the presidency] phoned Motta Veiga (Luiz Otavio Motta Veiga, former Petrobras president) at Fernando's request who, in turn, was asked by PC to do so to facilitate the operation (a Petrobras loan for VASP). Paulo Cesar asked Coimbra to phone Motta Veiga. Coimbra said that he would only phone if Fernando authorized it. Fernando authorized him and he phoned.

—About the extortion in the Social Action Ministry—There is a case that proves that he used privileged information, trafficked with influence, and attempted extortion and blackmail. It was with a construction company called Serveng-Civilsan which had a contract apparently in Brasilia. The government was supposed to release some payments. The agency that was supposed to disburse the money was the Bank of Brazil or the Federal Savings Bank. A man called Laise (Laise de Freitas, director of Serveng-Civilsan) received a phone call from Jorge Bandeira de Mello, a pilot who works for PC and who is one of his operators. Bandeira told him that he could release the

payment (from the Social Action Ministry) and that he knew that the company had to construct one building, finish another, etc., (he asked for a bribe to authorize the disbursement). Laise refused to accept. PC and Bandeira then threatened to bankrupt the company by not making any payments. Serveng-Civilsan came to see me, to ask for help and I told them I knew nothing. But I gave a warning signal to the high levels, so that they take care. A brother-in-law of mine, Jefferson Araujo, who owns a construction company in Maceio, suffered the same kind of extortion from the same Bandeira who said he controlled the payments of the Social Action Ministry. Jorge Bandeira would sell parts of the Social Action Ministry. In his computer he had the list of all the construction works of certain kinds, the money allotments they would receive, the amount of allotments, and other details.

—About the frauds in the elections in Alagoas State—Through Luis Carlos Chaves (private secretary of the presidency) Fernando invited me and my wife to join the presidential retinue on a trip abroad. We returned to Brazil on 3 October, on election day for the governor. Soon afterward I learned that PC had told some people we know in common that he had urged Fernando to invite me on that trip because I would not cause any big problem for the reelection of Geraldo Bulhoes while I was out of the state. It would allow them to win on a first round, that is how PC put it. I do not remember when, but I learned that PC urged Fernando to invite me on that trip abroad with that objective: To get me out of here (Alagoas) in order to guarantee the victory of Geraldo Bulhoes on the first election round (the first election round in the 1990 elections in Alagoas was annulled in five cities due to fraud cases).

—About the presents for Zelia [Zelia Cardoso de Mello, former economy minister]—PC told all Alagoas that he gave Zelia presents, dresses, necklaces, and things like that.

—About drug consumption—I was involved in drugs when I was young, incited by Fernando. He was a thorough cocaine consumer [consumidor contumaz] and he incited me to take cocaine. I learned all those things with him and with all the people to whom he introduced me. There was also LSD, but very little. However, that happened only in a specific period of life. That was about in 1970, I do not remember very well. It was the "in" [preceding word in English] thing among the youth.

—About his marriage with Tereza—During an occasion when we (Pedro and Tereza) were going through a marital crisis, I was in Canada, in July 1987. Knowing of this marital crisis and instability, he (Fernando) called my wife to talk with her in the Alagoas Government House. They talked for a long while in the governor's office in Alagoas. When I heard about it I returned to Brazil. As soon as I arrived, Tereza went to spend a some days in Paris, about 15 days, to see if things returned to normal and to rest. During that period I learned that Fernando had phoned my wife several times in Paris. He did so very frequently. Then he called me to his office to tell me that Tereza wanted a separation. Now, what did he want that for? He imagined that through a separation, encouraging our divorce, he would cause a problem which would make it easier for him to get me out of the leadership of the companies.

—About the future—As of this moment I attribute all initiatives against my physical and moral integrity to the president of the Republic in the first place and to PC second. PC has already constituted in Fernando the practice of evil. PC has a lot of talent to practice evil. Anything can be charged against PC, he is likely to be the brains or the administrator of any disgraceful act.

### Charges Not Supportable

*PY2805130292 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 27 May 92*

[Text] Businessman Pedro Collor de Mello has reported that he has no way of proving the charges that he made against his brother President Fernando Collor. In Sao Paulo, Pedro Collor de Mello also reported the results of the mental health tests that he has undergone.

In the company of his wife Maria Tereza, his lawyer, and the medical team that examined him last week, businessman Pedro Collor de Mello arrived at the hotel auditorium 45 minutes late. Looking calm, he spoke for one hour and made a point of making clear that he fears nothing. In one of the interview's most important moments, he said he will not repeat before the courts all the charges he made in an interview to VEJA magazine.

[Begin recording] [Pedro Collor] I will repeat and confirm everything I am telling you here.

[Unidentified reporter] Will you confirm that [words indistinct] de Mello and Mr. Paulo Cesar Farias [PC Farias]?

[Pedro Collor] I will repeat what I have just said here. I will repeat that...[pauses] Not to VEJA. I will repeat what I am saying here now.

[Reporter] Why not what you told VEJA?

[Pedro Collor] Because I cannot prove the charges, my dear. If I had a document stating that through this private document, Mr. PC Farias becomes a figurehead for Mr. so and so, with so much percent over all irregular business, I could do it. I have no way of proving the charges, however. [end recording]

The businessman said that even if he does not obtain evidence to back the charges, his conscience is at peace.

[Begin recording] I am entirely calm. Although I cannot prove in the eyes of men that I am telling the truth, I am

sure that in God's eyes you are all aware and PC Farias himself knows that I am telling the truth. [end recording]

Pedro Collor also said he never planned to attack his brother, the president of the Republic.

[Begin recording] Fernando was not the target. My objective was to defend the institutions, to defend Brazil. If the cause of all this is Paulo Cesar, Antonio Cesar, Augusto Cesar, or anyone else, well there is nothing I can do. Very well, if it is PC, let it be him.

Yesterday, Fernando apologized to the nation for my comments, for the unrest that I may have caused. I am the one to apologize to the nation for having introduced PC Farias to him. [end recording]

To prove that he is conscious of all he is saying, he read the result of the mental health test he underwent in Sao Paulo.

[Begin recording] We have concluded that Mr. Pedro Collor de Mello is at present fit to carry out any activity for which he may be held accountable and that there is no cause for diagnosing a psychiatric disorder. Sao Paulo, 27 May 1992. [end recording]

Businessman Pedro Collor de Mello will testify at the Sao Paulo Federal Police precinct on the charges he made against his brother, President Collor.

### No Evidence Against President

*PY2705223492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 May 92 p 7*

[Excerpt] Lawyer Luiz Roberto de Arruda Sampaio, one of the professionals who represents businessman Pedro Collor, yesterday said that he has not yet found any evidence of President Fernando Collor's involvement in the irregularities committed by businessman Paulo Cesar Farias, alias PC. De Arruda Sampaio said: "I have not found any evidence against the president in the documents I have examined so far." Concerning Pedro Collor's charges on the alleged evidence that PC is President Collor's figurehead, de Arruda Sampaio preferred to abstain from commenting on the matter by stating: "This is a strategic position of the defense."

De Arruda Sampaio has stated that the Federal Police [PF] contacted Pedro yesterday and urged him to testify tomorrow. He also said that lawyer Paulo Jose da Costa Jr., the head of the team that advises the president's youngest brother, will travel to Europe but that he anticipated his return. Da Costa said the audience between Pedro and Attorney General Aristides Junqueira initially scheduled for 9 June was canceled. De Arruda Sampaio also reaffirmed that Pedro is ready to deliver to the PF and, if necessary, to the Commission for Congressional Investigation all the documents related to his charges. [passage omitted]

### Charges Left to Courts

*PY2805132092 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 May 92*

[Report by Luiz Augusto Mendonca]

[Text] The president of the Republic considers the Pedro Collor issue to be closed at the executive branch level. According to the presidential press secretary, journalist Pedro Luiz Rodrigues, the president took all appropriate measures and urged his working team—ministers and secretaries—to continue with the administration's duties as well as with the congressional debates on the government's priority projects.

According to Pedro Rodrigues, the matter must now be handled by the courts.

The presidential press secretary added that Planalto Palace has not yet taken a stance on remarks made yesterday in Sao Paulo by the president's brother, who said he gave the interview to VEJA magazine at a time of strong emotional pressure.

The presidential press secretary said he had not yet talked to President Collor about this issue and, therefore, he does not know whether or not—after Pedro Collor's 27 May remarks—the president will withdraw the slander charges filed against his brother.

Concerning the CPI [Commission for Congressional Investigation] that will investigate the charges, the spokesman said the president of the Republic is calm and will calmly observe the congressional decision.

Last night, the president's mother, Mrs. Leda, talked to the presidential press secretary and said reports that she asked her son Pedro Collor to resume management of the family's enterprises in Maceio are not true.

### Scandal's Impact Downplayed

*PY2805132892 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 May 92*

[Excerpts] Justice Minister Celio Borja said in Sao Paulo that the Brazilian institutions are strong enough to overcome the embarrassment created by the charges of businessman Pedro Collor de Mello. [passage omitted]

He said no one doubts Pedro Collor de Mello's mental health and added:

[Begin Borja recording] The situation has created some embarrassment for the country. We cannot deny that. Particularly, if we read about its repercussions in foreign newspapers.

This commotion will soon end, however. We cannot forget that this sort of thing has already occurred in royal families, in First World countries, and in some countries that claim to be more civilized than us. These things do not occur only in countries such as Brazil or southern

hemisphere countries; they also occur in the northern hemisphere. [end recording] [passage omitted]

### Brother Found Mentally Fit

*PY2705182092 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 27 May 92*

[Text] Businessman Pedro Collor de Mello has undergone a number of psychiatric tests. The physicians hired by Pedro Collor to perform these tests have just disclosed their conclusions at a news conference held in Sao Paulo.

The medical report, which is dated 27 May and was issued in Sao Paulo, says: We have concluded that Mr. Pedro Collor de Mello is at present fit to carry out any activity for which he may be held accountable and that there is no cause for diagnosing a psychiatric disorder.

Pedro Collor has apologized to the nation and has made it clear that his charges are not directed at President Fernando Collor.

[Begin Pedro Collor recording] Fernando is not my target. My goal is to defend the Brazilian nation and its institutions. If, let us say, [words indistinct] if it is Paulo Cesar Farias, so be it.

Fernando apologized to the nation for my remarks and for the troubles I may have caused. I am apologizing to the nation because I was the one who introduced Paulo Cesar Farias to him. [end recording]

Pedro Collor requested the psychiatric tests in light of a letter sent to him by his mother, Mrs. Leda Collor. In her letter, Mrs. Collor dismissed her son Pedro from the family business in Alagoas because her son is going through a serious emotional crisis.

### Stock Market Calmed

*PY2805141092 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 May 92*

[Text] Testifying before the Chamber of Deputies Economy and Finance Committees, Economy Minister Marcilio Marques Moreira calmed the mood of politicians and the financial markets. He said that there is no reason for the country and the institutions to be concerned about entrepreneur Pedro Collor de Mello's charges.

Minister Marcilio remains in contact with political, economic, and entrepreneurial leaders to convey President Collor's decision not to change the economic policy.

### Government Defines Position for UN Conference

*PY2705125892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 May 92*

[Text] The government has defined the position that Brazil will endorse at the UN Conference on Environment and Development [UNCED].

The 49-page document is divided in seven topics: Protection of the Atmosphere, Biologic Diversity, Declaration on the Principles of Forestry, Management of Inadequate Water Systems and the Struggle Against Desertification and Drought, Toxic and Dangerous Residues, Protection of the Quality and Supply of Water Resources, and Sustainable Development of Settlements.

The document emphasizes that biotechnology must be designed to serve the evolution of mankind. The document recommends that the objective of biotechnology should include increased agricultural and livestock production, an improvement in health conditions and environmental protection, and an increase in the productivity and quality of industrial processes.

The document also proposes focusing on the pharmaceutical, food, and energy-production industries. At the UNCED, Brazil will also endorse a reduction in the production and international transportation of dangerous toxic substances.

## Colombia

### Government Seeks Cease-Fire From Rebel Fronts

*PA2805032792 Mexico City NOTIMEX in Spanish 1908 GMT 27 May 92*

[Text] Santa Fe de Bogota, 27 May (NOTIMEX)—Colombian Presidential Peace Adviser Horacio Serpa Uribe announced on 27 May that the government is willing to negotiate peace with the guerrilla fronts that agree to demobilize, regardless of what the higher level guerrilla organization does. The official said the only government condition to initiate a dialogue with any rebel front is a unilateral cease-fire, which observers say is not a very feasible demand.

The announcement was made a month after the government and the Simon Bolivar National Guerrilla Coordinating Board (CNGSB), the top Colombian guerrilla organization, agreed to a six-month recess in the peace talks being held in Tlaxcala, Mexico. Serpa Uribe said this time period, proposed by the CNGSB, is too long, and the war may intensify before the peace talks could be resumed.

Meanwhile, he added, the government intends to "open up other roads to peace." That is why it has invited the rebel fronts to initiate separate dialogues.

The CNGSB, which comprises the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN), and the Popular Liberation Army (EPL), has some 60 fronts in the entire country, most of them with ties to the top guerrilla commands.

Colombian Congress President Carlos Espinoza Faccio-Lince is currently in Tlaxcala, Mexico, trying to clear the way for the peace process with the guerrilla negotiators who remain in town. Espinoza is in favor of initiating regional peace dialogues, which the government opposes; it says the proposal would only give a "political respite" to the guerrillas.

### Defense Minister on Public Order Situation

*PA2805000992 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 27 May 92*

[Interview with Defense Minister Rafael Pardo Rueda by unidentified reporter; place and date not given—recorded]

[Text] [Reporter] What can you tell the country about the operations taking place in Colombia?

[Pardo] Operations are being conducted in various parts of the country. The Army has been issuing periodic reports on the results, and I think we must remain alert to those reports.

[Reporter] How would you describe the situation? Are we currently at war?

[Pardo] There is an obvious disruption of public order. I do not think there is any need to explain that. You, the members of the media, are constantly reporting the disruptions. I believe that a disruption of public order is the only thing we can call it. It is a worrisome situation.

[Reporter] Mr. Minister, when we look on the map to see where the conflicts and battles are, we realize they are taking place practically throughout the entire country. Could we say that the public order situation is very critical?

[Pardo] No, it is a worrisome situation... [repeats] a worrisome situation. Several areas of the country are being affected by the rebels. The rebels are beginning to commit terrorist acts to the infrastructure of the country and the urban areas, and that has had a serious impact on the people. In Uraba, there have been difficulties in transportation, communications, and food supplies, all of which directly affect Uraba's 300,000 residents.

[Reporter] Mr. Minister, the commander of the military forces referred to specific orders that call for eliminating Manuel Marulanda Velez and the chief of the Army of National Liberation. Are those the specific orders: Eliminate the rebel groups and the guerrilla leaders?

[Pardo] Yes, we have the obligation to reestablish public order with all available means. That is what the public force is doing throughout the country.

### Combat Continues in Dabeiba

*PA2805133092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 27 May 92*

[Text] Clashes continued in Dabeiba where one guerrilla has been killed. Armed Forces Commander General Luis Eduardo Roca visited the combat zone.

Meanwhile, the offensive against the Army of National Liberation continues. On 27 May, the Libertadores Front operating in Casanare abandoned a camp. The Army found weapons, explosives and field equipment there.

As a result of clashes in various parts of the country, the peasant population is caught in the crossfire. Extensive areas are being abandoned, and many families are fleeing to the cities.

### Cache of Explosives Seized

*PA2705152992 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 26 May 92*

[Text] The Administrative Department of Security [DAS] has dealt a blow to an urban network of the Simon Bolivar National Guerrilla Coordinating Board. DAS discovered that a number of terrorist attacks were planned to coincide with union demonstrations scheduled for 28 May. Colombian terrorist groups are receiving explosives from Peru, as evident by an operation carried out in the area north of Santa Fe de Bogota, where 180 kg of Peruvian-made dynamite were seized. In addition, 290 sticks of explosives and over 1,000 wireless detonators, also manufactured in Peru, were found at that site. The seizure included 95 French-made detonators. In the past two days, DAS has seized one ton of dynamite in operations carried out in Santa Fe de Bogota and Sanmacao, Boyaca Department. Three persons are under arrest, but so far no direct ties with guerrilla groups have been established. The confiscation of these explosives adds to the amount seized in raids in Cucuta and Bucaramanga, where authorities found a large quantity of military supplies.

## Ecuador

### Update on Presidential Election Count

*PA2705184492 Quito Voz de Los Andes in Spanish 1130 GMT 27 May 92*

[Report on elections]

[Text] The Sixto Duran Ballen and Alberto Dahik alliance on the Republican Unity Party-Conservative Party ticket is still ahead with 242,815 votes, after the final presidential election count in six of the nation's 21 provinces.

Abdala Bucaram and Marco Proano on the Ecuadoran Roldosist Party ticket are in second place with 141,932 votes. Jaime Nebot Saadi and Galo Vela on the Social

Christian Party ticket are in third place with 113,809 votes. Raul Baca Carbo and Jorge Gallardo on the Democratic Left [ruling party] ticket came in fourth place with 90,785 votes.

On 26 May, the Supreme Electoral College held the second public count of votes cast in the presidential, vice presidential, and deputies elections on 17 May. The votes were counted in the provinces of Esmeraldas, Azuay, Imbabura, Chimborazo, and Cotopaxi. During the first public vote count on 25 May, the Supreme Electoral College counted votes in the Tungurahua Province. In Esmeraldas Province, the Bucaram-Proano ticket won the elections, followed by the Nebot-Vela ticket; in Azuay Province the Duran-Dahik ticket won, followed by the Baca-Gallardo ticket; in Imbabura Province, the Duran-Dahik ticket came out ahead, followed by the Bucaram-Proano ticket; in Chimborazo Province, the Duran-Dahik ticket won once again, followed by Baca-Gallardo; and in Cotopaxi Province the Duran-Dahik ticket won again, followed by the Bucaram-Proano ticket.

### New Group Takes Credit for Dynamite Attack

*PA2705173292 Madrid EFE in Spanish 1605 GMT 27 May 92*

[Text] Quito, 27 May (EFE)—It was announced on 27 May that a group calling itself "Heroes of Canto Grande," which is opposed to Peruvian President Alberto Fujimori, has claimed credit for the 26 May dynamite attack on the Ecuadoran Foreign Ministry.

According to the morning paper EXPRESO, the heretofore unknown group released a communique acknowledging responsibility for the attack on the main Foreign Ministry building in Quito. The attack caused neither casualties nor major property damage.

According to the newspaper, the attack was staged in response to the Peruvian security forces' assault on the "Castro Castro" prison, in which an undetermined number of prisoners belonging to the Maoist Shining Path group were killed.

According to the communique, "The objective is to demand, by means of these protests, that the Ecuadoran Government break diplomatic relations with Peru and expel the Peruvian (diplomatic) delegation from our country."

Shortly after the explosion that caused minor damage to the building, Deputy Foreign Minister Mario Aleman condemned the act and described as cowards "those who are attacking, not the institution, but those of us who have been working for peace and for the country."

### Acting Government Minister on Andean Pact

*PA2805031092 Quito Voz de Los Andes in Spanish 1130 GMT 27 May 92*

[Text] Acting Government Minister Luis Felix Lopez has noted that the weak democracies of the Latin American region have influenced the Andean Pact's current impasse, noting that this organization marked its 23d anniversary on 26 May. Felix Lopez acknowledged that the people feel frustrated because of the respective governments' failure to reach a political decision to foster the substantive actions required for Andean integration. Nevertheless, the acting government minister said that hopes for the Andean Pact to become a reality should not be lost. Acting Minister Lopez stated the following:

[Begin recording] [Lopez] I have not lost hope that the bloc will be formed, despite the current difficulties. I must warn that the world's current tendency is to form blocs of nations that not only attempt to establish their economic positions; they are also an attempt to integrate even further. The efforts that were made are yielding results, but we still have a long way to go.

[Unidentified reporter] What is needed for [words indistinct] how many years still needed for Andean integration to become a reality?

[Lopez] No, I am not talking about years. I am talking about the leaders' political decision. We are currently facing stumbling blocks, just when we thought the road was quite clear. Nevertheless, I still have the hope that short-term solutions will be found.

[Reporter] Do [indistinct word] democracies have an effect on the Pact's impasse?

[Lopez] I believe you have gone to the heart of the matter. In order to have integration among nations, there have to be common denominators. The common denominators are not only language and culture, but also political systems. The political systems play a very important role in the integration process of nations. Democracy continues to be the most feasible and ideal political system to develop the human being. Democracy, I repeat, demands that the members of a community, such as the Andean community, have the same political goals, aspirations, and realities. [end recording]

## Paraguay

### Rodriguez Says Corruption 'Not Ended'

*PY2805234892 Asuncion ABC COLOR in Spanish 27 May 92 p 8*

[Text] Asked whether there is still corruption in the country, President Rodriguez said: "I sincerely think that corruption has not ended." This remark was made during the first edition of a radio program yesterday that will be broadcast from 0500 [0900 GMT] to 0600 on

different radio stations. During the program the president answers questions from the audience. The questions as well as the answers are pre-recorded.

On the topic of corruption, the president said that he was sure "no one was able to finish with it (corruption) anywhere in the world." The president promised: "I can assure you, however, that I will investigate and severely punish anyone involved in corruption in my government."

"I will take advantage of this opportunity to ask you to help me fight corruption," the president said, calling on the population to denounce it because "I can only do a good job if you all help me."

The president reiterated: "I guarantee you that I will investigate any report or information on corruption, and if anyone is found guilty he will be punished."

A listener asked the president what the government will do about the unprotected street children. The president answered that his government, through the Social Welfare and Assistance Directorate (Diben), is planning the construction of nurseries and children's homes. "This is not solely a government problem because mayors are also responsible," the president said, adding that "regrettably there are towns in the country where nothing is done about the problem."

The president also admitted the country needs to create more jobs, adding that the government will not cease in its efforts to combat cholera and ratified that no case has been registered in the country so far.

### National Encounter Candidate Launches Campaign

*PY2605143892 Asuncion ULTIMA HORA in Spanish 23 May 92 p 10*

[Text] During his official launch as the 1993 presidential candidate for the independent National Encounter [Encuentro Nacional] movement, Dr. Guillermo Caballero Vargas last night told a crowd of about 10,000 that his goal is to build a country based on the principles of honesty, ability, justice, and liberty.

With suitable euphoria, the political rally staged to launch the campaign and a multitudinous attendance that filled the Sports Palace [Palacio de los Deportes], the movement that less than a year ago quietly entered the political arena mounted its official presentation.

Amid applause from activists who came from various districts of Asuncion and from various towns in the interior, Caballero Vargas, the movement's head, pledged: "Justice in order to end privileges and inequalities."

The presidential candidate said: "The long delay has ended. This is the time for national reconciliation. Let us build a new Republic, overcoming past offenses and ending the specter of fear and distrust. Let us lift our eyes toward the future, a future that will unite us and require our efforts to achieve grandeur for the nation." He stressed that the National Encounter is a movement "that seeks to change the political and social history of the fatherland."

Caballero Vargas emphasized his movement's unity message and did not sidestep the difficult military issue, saying that efforts must be made to enable the Armed Forces to become "reconciled with the civilian society and detached from tiresome partisan politics." A renown local entrepreneur, Caballero Vargas noted that his government program will promote employment through agrarian reform and a speedy industrial development program. He said: "Agrarian reform without chasing away capital. Industrialization, yet safeguarding the value of work."

Caballero Vargas also emphasized his "broad economic and social development plan" that "will guarantee productive investment and fair salaries." He said that the repetitious issues discussed in every electoral platform—health and education—deserve special attention.

Caballero Vargas concluded: "We will leave our children a country prepared for the 21st century. United we will do this because the fatherland we want is a project for everyone—peasants, professionals, workers, and entrepreneurs."

## Peru

### San Roman Discusses Panama's Break in Relations

*PA2805002792 Mexico City NOTIMEX in Spanish 2133 GMT 27 May 92*

[Text] Panama City, 27 May (NOTIMEX)—Maximo San Roman, constitutional president of Peru, stated on 27 May that the guerrillas have gained a "surprising" territorial control in his country, noting that this control increased after the national emergency and reconstruction government was installed.

San Roman gave a telephone interview from Lima to Circuito RPC Radio in Panama, which asked him to comment on Panama's decision to break diplomatic relations with Peru.

"The number of guerrillas," he said, "has increased tremendously, and their territorial control in the interior is surprising, even in the Peruvian capital, where they call armed strikes that are heeded by the townspeople."

He said that Panama's decision is a very effective measure because it is a setback for Fujimori's national emergency and reconstruction government, the establishment of which shocked national and international public opinion.

San Roman said the Peruvian opposition was surprised by the OAS decision in the Bahamas not to condemn Fujimori. He said the factors that influenced the OAS not to be more severe were the fact that Fujimori was

elected in a popular, democratic election in 1990, and the private opinion polls showed that Fujimori has broad support among the people.

He noted that the opposition was caught off guard by Fujimori's call for a "struggle against corruption," and it is working hard to change the people's attitude.

San Roman charged that Fujimori has failed to meet commitments he made in the Bahamas last week: "He said he would not hold a plebiscite, and now he says he will hold one."

San Roman also said Peruvian authorities were negligent in their surveillance of Panamanian military officials Heraclides Sucre and Gonzalo Gonzalez, who were exiled in Lima and whose extradition has been requested.

He accused the Interior Ministry of "carelessness and overconfidence in guarding the two Panamanian military officials."

Among the conditions established by Panama to reestablish relations with Peru are a return to constitutionality, a clear explanation of the whereabouts of Sucre and Gonzalez, and a response to the request for their extradition.

Both Sucre and Gonzalez are charged with assassinating a group of officers who tried to overthrow the commanding general of the defunct Panama Defense Forces in October 1989.

San Roman was first vice president of Fujimori's government until the events of 5 April, when he became part of the opposition and was elected "constitutional president" by the dissolved Peruvian Congress.

### Meets Italian Ambassador

*PA2605194992 Lima Global de Television Network in Spanish 0100 GMT 26 May 92*

[Text] Italian Ambassador Bernardino Ossio said on 25 May that his country is willing to renew assistance and trade with Peru, providing the government adheres to the schedule for the return of constitutional order. He issued these statements after he met with former Senator Maximo San Roman.

Continuing his meetings with members of the diplomatic corps accredited in Peru, Maximo San Roman, the Peruvian president elected by the dissolved Congress, met on the afternoon of 25 May with Italian Ambassador Bernardino Ossio. The meeting lasted 50 minutes and was held at Senator San Roman's home. Among other topics, they discussed commercial and diplomatic relations with Italy, and the Italian Government's opinion on OAS efforts for a prompt return of democracy to Peru.

[Begin recording] [Unidentified reporter] Is there any possibility for a dialogue or Italian mediation?

[Ossio] No, we simply spoke of encouraging dialogue and complete observance of the OAS resolution.

[Reporter] How does Italy feel about the schedule Fujimori presented at the OAS meeting?

[Ossio] There is a great deal of interest and hope that it will be fulfilled.

[Reporter] Is the EC considering lifting some sanctions once a schedule for the return to democracy is established?

[Ossio] Not for the time being. I believe that sanctions will be lifted only when the schedule is fully implemented.

[Reporter] How much does the suspended Italian economic aid amount to?

[Ossio] Italy's participation in the Support Group was not very significant. What is significant is the cooperation program and this remains practically unaffected because it is nearly all humanitarian aid. Humanitarian aid is not suspended. [end recording]

### Decree Extends State of Emergency in Lima

*PA2705194092 Lima Radio Programas del Peru Network in Spanish 1800 GMT 27 May 92*

[Text] The national emergency and reconstruction government has extended the state of emergency in Lima Department and the constitutional province of El Callao for an additional 60 days.

The measures include the suspension of constitutional guarantees guaranteed under sections 7, 9, 10, and 20 of Article 2 of the Constitution.

The Armed Forces will continue to maintain internal control of the country.

The extension of the measures, aimed at reestablishing and preserving public order in the country, was publicized on 27 May through a supreme decree published in the official newspaper.

### Minister Rules Out Curfew

*PA2705184792 Lima Panamericana Television Network in Spanish 1200 GMT 27 May 92*

[Text] Interior Minister General Juan Briones Davila stated that the national emergency and reconstruction government has definitely ruled out the possibility of implementing a curfew in Lima. He also reported that the last terrorist attacks in the capital could have been carried out by new subversive groups interested in further promoting an atmosphere of instability in Peru.

[Begin recording] [Briones Davila] The recent terrorist attacks that have taken place in Lima, particularly those directed against police stations and military barracks, are merely a Shining Path reply to the way the government has been curtailing its activities and dismembering

its leadership. Another reason for the attacks is the government's handling of the situation at the Castro Castro Prison, where the government was able to regain control and force the rebels to surrender. This prison was practically a Shining Path command post, from where they directed their subversive operations. We have been able to gather valuable information from the Castro Castro Prison incident that will undoubtedly allow us to continue to capture more members of the Shining Path leadership.

There is one issue regarding our investigations that I believe it would be convenient to clarify. The point I want to make is related to the car bomb attack that took place on 22 May in the Lima district of San Isidro. If you remember, one person was killed and 11 persons injured. These people were innocent bystanders who had nothing to do with the government. In addition, considerable damage was done to buildings in the area. The media have pointed out that this was a Shining Path attack. Most of the evidence gathered indicates this. But some evidence exists that leads us to doubt that Shining Path is behind this attack. The evidence involves how the attack was carried out. Shining Path's attacks are always directed at a specific target. In other words, their attacks have always been very selective. Shining Path's attacks are very selective, regardless of whether they are directed against a police station, military barracks, or any institution they believe is against them. In this particular case, the way the attack was executed makes us suspect it might not have been Shining Path.

[Unidentified reporter] Mr. Minister, whom do you suspect of being behind the attack?

[Briones Davila] We are currently trying to determine which group is behind the attack. Undoubtedly, it would appear that the objective of the attack was to create more chaos in Lima and to force the government into implementing a curfew. The curfew would only serve to inconvenience Lima residents and we would not obtain any positive results. This attack could have other connotations, as well. [end recording]

### Huallaga Military Authorities Issue Communique

*PA2705214092 Lima Radio Programas del Peru Network in Spanish 1800 GMT 27 May 92*

[Text] We have received a communique from the Public Relations Office of the Political Military Command of the Huallaga Front. The communique states that many weapons have been seized from subversive forces.

One of the seizures took place on 24 May at 1300 during an operation against the terrorist members of the Tupac Amaru Revolutionary Movement who had participated in the attack against the banks of Nuevo Cajamarca, Rioja Province, and San Martin Department.

Weapons seized during the operation included 7.62-mm MAC machine guns, a Soviet-made machine gun, a rifle, pistols, and a submachine gun.

On 25 May, a similar operation was staged in Chuntayacu.

At the end of the communique, the Public Relations Office states that government forces will continue to search out and destroy narcoterrorist subversives on the Huallaga Front in order to achieve peace in that area. The supreme government is dedicated to the task of achieving the objectives of peace and tranquility required for the development of our fatherland.

[Issued] Tarapoto, 26 May 1992.

### Former Senator on OAS Conditions for Elections

*PA2705230992 Lima Radio Programas del Peru Network in Spanish 1800 GMT 27 May 92*

[Report by Eduardo Lindo Collantes from Jorge Chavez International Airport in Lima—live]

[Text] Good afternoon. Enrique Bernales Ballesteros, a senator of the dissolved Congress, warned on 27 May that political parties will not participate in the elections for a constituent congress if a dialogue does not first take place between the political parties and President Fujimori's administration. Bernales Ballesteros said the OAS Declaration states that a dialogue between the two parties should be held before the constituent congress is elected. He added that no agreement on electoral issues, registration, and characteristics of the Democratic Constituent Congress may be adopted outside that dialogue or as a result of a unilateral decision. Senator Bernales said it would be extremely significant if this happens; it would be a violation of Peru's pledge to the OAS at the Bahamas meeting, and it would have to be reported.

Bernales Ballesteros also announced that the political parties will soon issue, possibly on 28 May, a proposal to participate in a dialogue with the government. He departed for Miami, where he will participate in a forum organized by the University of Miami on the political situation that prevails in Peru. The meeting will also be attended by Legislators Gaston Acurio Velarde, Miguel Vega Leal, and former Foreign Minister Carlos Torres y Torres Lara. Torres y Torres Lara said he will present an academic report on the country's situation during the forum. Above all, he will request the international community's understanding and support for the actions of President Fujimori's government.

Meanwhile, Maximo San Roman, appointed president by the dissolved Congress, left for Tacna, where he will meet this afternoon with the city's civic group representatives. Coincidentally, Maximo San Roman left in a Peruvian Air Force presidential airplane chartered by Aeroperu for a commercial flight.

### Temporary Attorney General Sworn In by Fujimori

*PA2705160092 Lima Global de Television Network in Spanish 0100 GMT 27 May 92*

[Excerpt] New [temporary] Attorney General of the Republic Blanca Nelida Colan was sworn in today by

President Alberto Fujimori. The special ceremony took place in the Golden Room at the Presidential Palace; the cabinet and local authorities participated.

[Begin Recording] [Fujimori] Blanca Nelida Colan: Do you swear by God and these sacred scriptures to carry out loyally and faithfully your post as temporary attorney general of the Republic entrusted to you by the nation?

[Colan] Yes, I do swear. [end recording]

Thus Blanca Nelida Colan becomes the first woman in the nation's republican history to assume the high post of attorney general. Blanca Nelida Colan was born in Huaraz and is a career magistrate. She was appointed temporary attorney general through Law 25505, published in EL PERUANO, the official newspaper. [passage omitted]

### Ministry Communique Recognizes Bosnia-Hercegovina

*PA2705174492 Lima Panamericana Television Network in Spanish 1200 GMT 27 May 92*

[Text] According to an official communique issued by the Foreign Relations Ministry Press Distribution Directorate, the Peruvian Government has decided to formally recognize the Republic of Bosnia-Hercegovina as a new sovereign and independent nation. Following protocol, the Foreign Ministry sent greetings to the president of Bosnia-Herzegovina from the national emergency and reconstruction government.

The note also sends congratulations for Bosnia-Hercegovina's recent incorporation into the international community.

### Experts Discuss Status of Economy, Prospects

*PA2205021892 Lima Panamericana Television Network in Spanish 1200 GMT 20 May 92*

[Panel discussion on "Economic Implications of the OAS Resolution" with guests Dr. Jorge Gonzalez Izquierdo, dean of the Lima Economists Association and dean of economics at the University of the Pacific; Engineer Carlos Amat y Leon, former minister of agriculture in the Alberto Fujimori administration and economics professor at the University of the Pacific; Dr. Augusto Alvarez Rodrich, economist; and moderator Roxana Canseco in the Panamericana Television Studios in Lima—live]

[Text] [Canseco] Good morning. Dr. Alvarez Rodrich, first of all, I would like you to comment very briefly on a statement by Dr. Alejandro Miro Quesada [name as heard], director of EL COMERCIO, that was reported by the EFE news agency from Budapest. Miro Quesada comments with great concern—a concern that we all share—that he knows of a government plan to control information. What would this mean to us all, not just to the economic program, but also from the international and national perspectives?

[Alvarez Rodrich] Well, in principle, and if we are to try to preserve certain democratic freedoms, freedom of expression is basic. The fact that the director of EL COMERCIO, a newspaper that is completely devoid of sensationalism, made the charge, should lead us to believe there may be something to this. In any case, the regime should keep in mind that according to the polls, a failure by Fujimori to respect freedom of expression would be opposed by 87 percent of the people. Of course, such things can always be presented in a different light, but people should realize that individual rights, human rights, and particularly freedom of expression, should be respected regardless.

[Canseco] What does Dr. Gonzalez Izquierdo think?

[Gonzalez Izquierdo] I also believe that it would be very difficult to accept a such a decision, because with no freedom of the press there is no political freedom—the greatest of all freedoms—the one that makes it possible for all other freedoms to exist. It is a chain. From a strictly economic viewpoint, it would be a poor indicator for the government because the main pillar of the market economy that Mr. Fujimori wants to impose in Peru is unrestricted respect for freedom, especially economic freedom. Thus, we have a contradiction here.

[Canseco] Engineer, do you, having been a minister in Fujimori's cabinet, believe that he could possibly make a decision of that kind, or would it be too difficult to tell? Many newsmen might be declared stressed out [en un surmenage] or sent on vacation. Is that possible? Or it could be claimed that we are working against the program, or that we are not in line with the country's developmental goals.

[Amat y Leon] Well, my reaction is that it would be absolutely irrational since from the outset President Fujimori has proposed to strengthen democracy. He swore on the Constitution to do this. Development requires a respect for, and a strengthening of, civil rights. This is the objective of the current president's actions and entire political system. To negate this would be to negate the goal that has been pursued with so much effort. The president said at the OAS meeting that he is rebuilding a legal system, and it is obviously based on rights such as freedom of expression, which is a sine qua non condition of civilized life.

[Canseco] It would be dreadful, even in the international context. One of the points in favor of the national emergency and reconstruction government is the fact that there is a free press and unrestricted freedom of expression, as Engr. Fujimori has said.

What about the economic program, Dr. Alvarez Rodrich? Exactly where are we? Has there been any change in our country's prospects and expectations as a result of the OAS resolution? Should they change?

[Alvarez Rodrich] I will make a brief comment. It seems to me that there has been no great change in the economic program as a result of the OAS events for the

reason that what has transpired is simply an acknowledgement of Engr. Fujimori's promise that we are on the return path to democracy. Nevertheless, governments that are key to the formation and continuation of the Support Group, such as the governments of the United States and Canada, have said that they will not...

[Canseco, interrupting] Japan.

[Alvarez Rodrich] The case of Japan is somewhat different, but in any case, it has already disbursed a great portion of the resources, and the important thing is to look forward. On the other hand, neither the United States, nor Canada, nor Germany, for example, are saying that this is a guarantee for the immediate resumption of foreign aid. Instead, they are making aid contingent upon the effective and practical functioning of the country's democratic institutions. This means that in the best case scenario we are looking at October or November, if Engr. Fujimori's promises are implemented satisfactorily.

Specifically, I see no great change in economic management or economic variables, but I do see change for the second six-month period when—if the government continues to pay its debt at the normal level—there will be significant pressure on fiscal sources of income, and this will in turn have important effects on the government. This will happen at a time when the Treasury is not in good shape and there will be greater pressure for Armed Forces expenditures, etc. This will mean that one way or another, economic management in the second six-month period will be substantially more complicated than today.

[Canseco] What do you mean more complicated?

[Alvarez Rodrich] Well, let's look at it like this....

[Canseco] What does it mean for us who are....

[Alvarez Rodrich] If there was any hope that in the second semester we could have some kind of resurgence in specific sectors—but this is becoming increasingly difficult. If the government keeps amortizing its debts even when there is no longer any support encouraging payments, the funds used to amortize debts will interfere with the government's other plans. We mean, for instance, firearms for the Army to combat subversion, a glass of milk for children, and other alternative projects. It is very clear that the amortization of debts precludes the fulfillment of the government plans.

[Canseco] What would be the consequences of halting the amortization of debts, Mr. Amat y Leon?

[Amat y Leon] May I ask the question in different words?

[Canseco] Yes.

[Amat y Leon] Prior to 5 April, I had disagreed with the strategy and even more with its application. There are two aspects we must take into consideration. One is the plan and the other is the application of the strategy to reach the objectives proposed.

[Canseco] With what specifically did you disagree?

[Amat y Leon] The main problem is that we are in a civil war and a state of emergency has been declared in 50 percent of the country. There is (?tremendous) poverty and the country's capital has been exhausted, seriously affecting the social and economic infrastructure. In addition, as you well know, enterprises have gone bankrupt; this was already a problem before 5 April due to poor management. We accepted interest rates three or four times the international rates, something impossible for a business to withstand, let alone request investments or regeneration. The economy was on its way, unnecessarily, to a deep recession. After 5 April, the tension increased and the problem has been aggravated. I believe that if, as the president said, the main objective is to defeat the subversives with the Army and the police, then the peasants must have seeds, a market for their products, and minimum competition for their products. Otherwise, it makes no sense to give them weapons to defend something they do not have to begin with. Consequently, pacification and development must be a joint strategy. We Peruvians must be convinced and aware that pacification and development in our country are costly, particularly for the most affluent groups in the cities. So far, the country has not seriously faced this problem.

I heard Minister Bolona speak of a war bond. When I was minister of agriculture...

[Canseco, interrupting] Businessmen would be included, right?

[Amat y Leon] I remember that in August 1990 those were the objectives. So I proposed development and pacification bonds. They represent a net transfer of resources to the country's interior to defend and shore up our Army and police as a complement to the development of the country's interior. But the monetary, exchange, foreign trade, as well as production and selective reactivation policies have not been articulated as a function of these objectives. This is what is at stake.

Mr. Bolona is right to present it this way. They are now coming around to seeing what the central problem is, as well as the wisdom of rejoining the international community and holding discussions with sources of international capital. We have to go to the international community, as has been requested, to make it realize that the country's return to a new legal system requires their support and financial understanding, based on a timetable set by the country and Peruvians, and not by just one person with a secret clique at the Presidential Palace. This should be a Peruvian's program that is structural and institutional. It involves a new constituent congress in which Peruvians are called upon to participate in a new reconstruction and development program. Every individual must see the commitments and responsibilities he espouses.

This all costs money and entails a marshaling of resources, and that [words indistinct] to other monetary and exchange procedures, as well as market management.

[Canseco] Do you agree with that? Should that be the starting point? Dr. Alvarez Rodrich has asked if the foreign debt should not be paid? Should the foreign debt be reduced?

[Alvarez Rodrich] I am warning about the problems that will be faced if one follows the the logic of the government's plan. That is my opinion.

[Gonzalez Izquierdo] I think the large majority of people now watching us most likely do not fully understand the OAS Resolution and whether or not sanctions have been imposed.

[Canseco] What the people do care about is as follows, and this is my question: Based on the economic program, how much longer will it be possible to increase salaries and wages, which they say are urgent in view of the hidden increase—as they put it—in the cost of living? Where are we headed? That is what the people care about.

[Gonzalez Izquierdo] I think the first thing we must understand is that the government's entire stabilization program was based on two fundamental pillars, one of them being the flow of dollars from abroad for the government and the country. Why? So the government can pay its foreign debt and spend the few resources it has in the country. In the wake of the political developments of 5 April, and all these problems, two things are beginning to happen. First, the flow of dollars from abroad for the public sector or so the government can pay its foreign debt is in danger of coming to a halt. That is also what Dr. Alvarez Rodrich explained.

I think the danger does not lie there so much as in the flow of short-term resources, or private capital, that goes into the national private sector. In 1991, the total amount of money was close to $2 billion. In other words, the private money that goes into the private sector serves to maintain the already marginal levels of consumption and investment in the economy.

[Canseco] What can stop this flow? What could stop it?

[Gonzalez Izquierdo] I am talking about private capital, and as the saying goes, a million dollars is the most easily frightened thing in the world. Private capital does not set its sights on the OAS or the World Bank but on the next 12 or 24 months. Will the rules of the game be stable? Does political stability exist? Is the outlook positive? If foreign investors think this is not the case they will no longer come. When they stop coming or curtail their participation in the country, two things happen. It is like a person who is used to getting loans every month and then that cash flow stops or is reduced. That person will have to tighten his belt. The second thing that will happen is the price of the dollar will go up, meaning we will have to live with inflation rates in the neighborhood of 5 percent or 6 percent a month. In the first six, eight, or 10 months, the recession will certainly get worse.

I think the important thing is for the government to understand—and I think it did because Mr. Fujimori's position experienced a 180 degree change—that a short-term solution to the economic situation necessarily entails solving the political problem and promptly restoring the rule of law and democracy in Peru. Without it, the flow of money into the government and private sector will stop. The entire program, which rests on the pillar of foreign funds, will certaintly begin to falter if that pillar is removed.

[Canseco] How about increases in salaries and wages?

[Gonzalez Izquierdo] As for increases in salaries and wages, I think the only financing source.... [pauses] when one's wages are increased, we must first ask ourselves where the money is coming from and who is paying for it? Within a context of recession and inflation, the only possibility of major salary hikes is if those dollars come from abroad. Why? Because the money comes from abroad, and it is used to finance the increase in consumption, wages, or salaries. When that money is reduced or stopped, the likelihood of significant increases in salaries and wages in real terms is also reduced. It becomes important for the people to understand the significance of foreign funds for positive results in the short-term.

[Canseco] Do we really have clear and stable rules of the game? Mr. Amat y Leon, you were a minister in President Fujimori's constitutional administration. Do you feel the palace coup on 5 April was really necessary?

[Amat y Leon] Absolutely not. From the very beginning, during the first cabinet meetings...[pauses] as everyone will recall, that cabinet was made up of independent experts with various backgrounds. The prime minister, who was a member of the Popular Action Party, was the keystone, and we built a national agreement around him. When I participated in the electoral campaign, Dr. Barrantes advocated a national agreement. Our problems cannot be solved by any one person. We all must work hard to solve them. That is why I entered politics and accepted the cabinet post.

When I began working in my cabinet post, my first proposal was the following: If we are a technical cabinet based on a minority party in the legislature, and if President Fujimori's election was the result of a massive rejection of the political groups, then plainly the most democratic and sensible thing to do is to build a majority. That way we can adopt achievable goals during the five years of this transitional government so the people will know what the issues are and can unite to solve them. We must reach a consensus not only on the goals, but also on how to finance them and what commitments each one entails.

[Canseco] But you cannot exclude the political parties.

[Amat y Leon] When we spoke about building a majority, we meant going to the legislature and making several proposals to the deputies and senators, in order to build that majority. President Fujimori was elected through a political party that was in confrontation with the other parties. Consequently, the first cabinet—and that is why I joined—was intended to build a majority and a program of national consensus. If everyone would have cooperated, it would have been a cabinet of consensus.

However, that was not the case, and that is why I say that the coup was unnecessary. From the very beginning there was the alternative of carrying out a program of national consensus. There was a proposal—and I can vouch for that—in the Senate. The proposal for internal development with internal financing was prepared by Peruvian experts and was a result of efforts made by Peruvians. We had the political group's unanimous support.

The next step was to go to the international financial institutions with the proposal. We would point out that Peru has certain characteristics: We have various problems, and the Peruvians are planning to solve them in this way. We would present our contributions, our share of responsibility and sacrifice, and we would demand understanding and support from the international community. That is still on the agenda.

World Bank and IMF experts are acting in an irresponsible manner when they do not consider the seriousness of the Peruvian situation. In the long run, I hope they will understand the structural organization of our country and approve a stabilization program that is so simple. These gentlemen are to be blamed technically and scientifically for not measuring the consequences of what they have imposed on Peru over the last 20 months. No country has ever had a successful stabilization program without strong, direct support from the international financial community.

Being 10 years behind in development and experiencing an ongoing civil war, widespread poverty, and a technological setback due to the erroneous policies of the past administrations, it was evident that Peru needed direct support. To deserve that support, however, the Peruvian people had to present technical programs with feasible projects, not the stupid projects presented by the previous governments. That is still in the agenda.

I insist, we are sending businessmen into bankruptcy. This is an unnecessary recession program to reach stabilization levels of a $100-per capita income. I want it to be clear that a balanced stabilization level may be reached at such a low level that there will not be any productive area to rebuild. Does Fujimori wants a national reconstruction government where we have to destroy our productive organization? We must abandon the basic rigid organization and go into the financial market. The Central Bank must reduce interest rates and move from dollars into soles. We must reduce interest rates and have a more direct management of private resources with the participation of the monetary authorities. We must see how the sol can be refinanced for private enterprise. The Central Bank can make standby loans with business groups through our banking system. Otherwise, we are risking too much in the next few months: We are risking an unnecessary bankruptcy in our business sector, which is the only productive apparatus we have and with which we must begin the national reconstruction.

[Canseco] Dr. Alvarez Rodrich, what do you think of this? When we talk about companies going bankrupt, we are also talking about dismissals, fewer jobs, less purchasing power, and so on.

[Amat y Leon] And forget about salary raises.

[Canseco] Yes, that goes without saying.

[Alvarez Rodrich] I would like to bring this up, Dr. Amat y Leon, as this was your case and your experience. When Amat y Leon was agriculture minister, he went to the Senate and was able to convince all the political parties to agree to a plan. That was his achievement, and it continued to be a feasible alternative. It is important to stress that is was possible to find a solution through consensus. That, of course, implies dialogue, negotiations, and rapprochement among the groups....

[Canseco, interrupts] Yes, but the events of 5 April eliminated the possibility of a dialogue. We are now in a different situation. We have gone from one possibility to the...

[Alvarez Rodrich, interrupts] True, these are different times, but the government is currently facing a dilemma: It either continues to refuse to engage in a dialogue, or it participates in a dialogue. The government is now faced with that choice.

I would like to emphasize the next point. We are currently at a very important point; we are approaching a negotiation or a renegotiation of our goals with the IMF. It is obvious that the events following 5 April have changed the flow of foreign capital, and that implies a number of changes in the agreements with the IMF. If the Peruvian Government does not handle the negotiations properly, and if it caves in to IMF pressures—as it has in the past—the consequences might just be what Amat y Leon has described. It is important that the new situation be addressed in this agreement, and the IMF must understand that. I want to make an important final comment: In the same way that Gonzalez Izquierdo referred to short-term effects, I believe the greatest harm to the economy has to do with the long term projections. Medium-term projects should have been considered in 1992 and 1993. That means attracting foreign investment for large projects [word indistinct] etc. We are talking about privatization, about looking to the future. I think that as a result of what has happened, we are no longer looking toward the future, but once again we are seeing only medium term, let us say, next Friday. We no longer view events from a long-term perspective.

Somehow we have fallen back into the difficult situations of the past 10 to 15 years. We are waiting to see if investments can be made in this country when the current situation is resolved. I feel that Peru has gone through so many difficult experiences, and in the end it is the people—particularly the needy—who pay for all these frustrated experiences and strange experiments. In the end we see that all of this leads to nothing.

[Canseco] Foreign and local businessmen and those who want to bring back their capital are demanding clear rules of the game. Do we have clear rules of the game? Are we still talking about a plebiscite on 5 July? It seems Mr. Fujimori is going to reassess the whole timetable. It also appears that on 5 July there will not be a plebiscite. There is talk about control over the press. That announcement was made by Alejandro Miro Quezada, and nobody doubts his word. Mr. Miro Quezada is the dean of the national press. Where are we headed? Then we have Minister Bolona, who is under a great deal of pressure from several directions. Exporters Association President Eduardo Mcbride states: I pray to God that Bolona will give me an appointment. What is happening? Where are we going? That is what the people want to know. Where exactly are we headed? What alternatives do you, as expert economists, present in the wake of this situation when nobody knows exactly where we stand? That is the truth.

[Gonzalez Izquierdo] We still have not overcome the recession in the 21 months after the program was implemented. Production fell in the first three months. What about jobs? Inflation has not come under control. I am one of the Peruvians and one of the economists who says that much of that is due to mismanagement of the economic program. I will continue to say that considerable mistakes have been made, and the man on the street has to pay for them. The government's alternative in the short term is to give top priority to its internal situation. Maybe that could detract some from its international image when it cannot meet its financial commitments abroad to the last cent. When the government and the minister come out and say that we will continue to pay the foreign debt as we have agreed, the people realize that every dollar paid out is one dollar less for the economy's reactivation and for internal improvement.

[Canseco] What is your specific proposal?

[Gonzalez Izquierdo] I think that as the government adjusts to the reduction of funds in the public sector, and particularly in the private sector, it must give preference to and restructure the payment of its debt. The government then must begin to explain a number of policies that, to my way of thinking, are causing more damage than benefits. An example of that is the monetary and currency exchange policy. In the last 10 days people ask the Central Bank: Why did the dollar go up so much and then fall? You want to know why the dollar rose so much and then fell? Basically because of mismanagement of the monetary and currency exchange policy. The Central Bank for many months had set a production goal of soles for itself: Every month it puts into circulation 3 percent and no more.

Over the past 10 days, the Central Bank changed its strategy and started establishing goals based on the dollar. As a result, it would announce: Today we purchase dollars at 1.08; tomorrow at 1.09; the next day at 1.10, thus raising the rate. Of course, that raised expectations and the stampede began. When the government noticed the mistake, it instructed the Central Bank to withdraw, which it did and immediately toppled.

[Canseco, interrupting] Yes, but the rates were already high.

[Gonzalez Izquierdo] That situation created instability, and the rates were already up. The same thing happened in March with the confounded taxes. Do you not remember, my friends, when a food tax was implemented? The food tax was eventually withdrawn, but prices increased and did not come down. Who pays for this? Ordinary people. I urge the government to make its first task the formation of a good economic team, both in quantity and quality.

[Canseco] Do you not believe that Dr. Bolona's team is a good economic team? Perhaps he needs more cooperation and dialogue?

[Gonzalez Izquierdo] I believe the current finance minister's economic team is insufficient, especially in number. Pacific University sent a professor to study the Cavalho Plan, which has been quite successful in Argentina. When she returned, she told the rest of us that one of the things that attracted her attention is that the Argentine economy minister's team is made up of 130 people; people who think and act like him; they are like a fist. Here in Peru...

[Canseco, interrupting] [Words indistinct], right?

[Gonzalez Izquierdo] I think I would have fingers left over on this hand if I were to name the economic team members who form a fist in the cabinet or with the economy minister.

[Canseco] Which means they do not share the thoughts of any of the cabinet ministers?

[Gonzalez Izquierdo] That is right. There must be cohesion. Finally, before we leave, I would like to take this opportunity to inform the country that the Lima Economists Association will make a public statement over the weekend of 23 and 24 May. It will include an alternative for resolving the country's economic problems.

[Canseco] That is important.

[Gonzalez Izquierdo] I believe that the Lima Economists Association, and I as the dean of that association, should be conscientious and do our duty. If the government

heeds us, okay. If not, that is also okay, because at least we will have done the right thing and we will have served the public.

[Canseco] However, it is important to present alternative solutions and not only make [word indistinct] diagnoses.

[Gonzalez Izquierdo] We will present a set of alternatives because we believe there have been enough criticisms and diagnoses.

[Canseco] We have had enough of them. We know that the patient is seriously ill.

[Gonzalez Izquierdo] I am asking the public to wait for the statement this weekend from a professional association that will be neutral and nonpartisan, not self-serving. It will examine the situation in the best manner possible, with all the economic theories that can be brought together.

[Canseco] To conclude, Engr. Amat y Leon.

[Amat y Leon] We must ask the government to rethink its ideas and programs. We cannot go around in circles saying no to a constituent assembly, then the president appears at the forum and says there will be a constituent congress. We must stabilize our proposals and programs. The economic program goes with the political program. We need stability and confidence, as my two colleagues have said, and that implies—please, Carlos Bolona—that the government establish its liquidity goals for the time between now and December. What will the minimum exchange rate be, and what ceiling will be established for a gradual increase in a credible and trustworthy manner between now and December? We are in a very difficult situation of expectations, insecurities, and foreign currency problems; everyone is wary. We must show greater confidence and work to improve our exchange rate by December. When we do, you will see improved money management.

Second, the Central Bank must join the banking system, 50 percent of which is partnership banking; it must go on standby with explicit business groups; and it must not only change our debts from dollars to soles with interest rates based on expectations for the next six or nine months. We must also have reasonable interest rates, at least the Libor plus two or three points, and see to it that bankers adhere to that type of interest rate. I believe it has been clearly stated: We must initiate a realistic economy of reactivation to overcome a speculative situation in which the best investment is to save soles or dollars and wait for the situation to pass. We are in need of a national (?consensus), and all the productive and decisionmaking apparatuses are engaged in financial speculation.

To conclude, what course will the exchange rate follow between now and December? Which liquidity program will be implemented? Which monetary program will provide credit, and on what terms will interest rates be arranged? If the government's goal is to wage war against subversion and seek social compensation, what development bonds will be withdrawn from the system to obtain resources to openly finance these programs, thereby allowing the people to see that there will be a compatible and very low fiscal deficit, but the more money spent the more taxes imposed?

I believe—and I quote Carlos Bolona—the bonds cannot only be war bonds but should also be development bonds. That is a good idea, but 10 days have passed and it has not been made a reality. We cannot have a [word indistinct]. We must rebuild the country, its programs, and Peruvian unity with a clear and explicit political agenda.

[Canseco] Dr. Alvarez Rodrich, your conclusions.

[Alvarez Rodrich] I believe the current situation is extremely complicated and the margins of action are increasingly small. The solution is first and foremost a political one, calling for a very clear plan instead of creating new proposals as new situations emerge.

[Canseco, interrupting] [Words indistinct]

[Alvarez Rodrich] We cannot decide on the run that if the constituent issue is stated in one way, I will adopt this position, and if it is not, I will not adopt any position. A very clear plan is required.

[Gonzalez Izquierdo] One more little thing before we conclude.

[Canseco] Briefly, please.

[Gonzalez Izquierdo] Yes, yes. I believe that Bolona's proposal to create a fund—which in reality is a tax on businessmen supposedly to substitute for the protection for which they are paying terrorists—will not be viable, at least in my opinion, because the businessmen will continue paying the terrorists for protection in addition to paying for state bonds that will be an additional tax.

I believe we must take a closer look at these things. Bonds work as long as they are purchased voluntarily. If they are imposed, however, I believe they end up in the worst of two worlds: They fail to substitute for the protection money, and they become a new, legal form of protection money paid to the government.

[Canseco] Thank you very much for being on the program. We must ask the IMF and World Bank, on behalf of the Peruvian people and the Inter-American Bank, to understand Peru's unique situation. It is a difficult situation, is it not?

[Gonzalez Izquierdo] Correct.

[Amat y Leon] That is why we must present a program to the Peruvian people that is political, economic [words indistinct].

[Canseco, interrupting] Coherent and clear.

[Amat y Leon] That is right.

[Alvarez Rodrich] [Words indistinct]. We must support this.

[Canseco] Thank you very much, and I hope no more taxes will be imposed, although they might be, right?

[Amat y Leon] Yes, of course.

[Canseco] They restrict the flow of investment from abroad. Thank you, Engr. Amat y Leon. Thank you.

## Uruguay

### Foreign Minister To Leave For Peru on 30 May

*PY2705123292 Madrid EFE in Spanish 0241 GMT 27 May 92*

[Text] Montevideo, 26 May (EFE)—Uruguayan Foreign Minister Hector Gros Espiell stated today that he will leave for Peru on 30 May to meet with Peruvian President Alberto Fujimori and opposition representatives. He made this announcement after hearing "the encouraging news" on the spirit of dialogue prevailing between the two parties.

Gros hopes to pave the way for democratization "under international control."

Gros presided over the OAS meetings and the three missions that went to Peru to seek the reestablishment of the institutional system. He said that he considers very important the news that the political parties are willing to talk with President Alberto Fujimori and to participate in the elections.

Gros said: "We must now coordinate all these actions, which is not an easy task. Therefore we should not proclaim a victory in advance."

He stated: "I will go to Peru on 29 May and I hope to meet with President Fujimori, government officials, and with all opposition parties to consolidate the process."

Gros added: "The problem will be basically handled by the Peruvian people, but under international control."

After returning from the OAS assembly in Nassau (Bahamas), Gros said in Montevideo on 23 May that if Fujimori complies with the agreed commitments, democratic legitimacy will be restored in Peru within three or four months.

## Venezuela

### Police Repress Student Demonstrations in Caracas

*PA2705161992 Hamburg DPA in Spanish 1432 GMT 27 May 92*

[Text] Caracas, 27 May (DPA)—On 27 May, the Venezuelan police violently broke up a student demonstration in the center of Caracas. This is the second consecutive week of protests by youths in Venezuela's leading cities. Panic resulted in at least three Caracas secondary schools when the security forces fired tear gas grenades into the buildings to prevent hundreds of students from marching through the streets.

In the Andres Bello School in the center of Caracas, 1,200 students were trapped when the police surrounded the school and fired tear gas grenades and plastic bullets into the building. Many parents, trying to pick up their children, could not enter the school for at least an hour.

On 26 May, Government Minister Luis Pinerua warned that the government will severely suppress what he described as "the sport of demonstrating." He announced that the National Guard will be deployed to restore public order.

"The sport of demonstrating is not beneficial to Venezuela," Pinerua said.

The city of Cumana, approximately 400 km east of Caracas, returned to normalcy on 26 May after students and policemen clashed with the police and the National Guard for five hours. During the confrontation, groups of demonstrators set two trucks on fire.

In Los Teques, capital of Miranda State, policemen and students also clashed. The students were protesting a janitor's murder; he was allegedly killed by policemen. As a result, Colonel Mendez Russo, Miranda State Chief of Police, resigned his office.

Clashes were also registered in Maturin, 500 km east of Caracas.

The new wave of protests broke out the week of 17 to 23 May, when students occupied the city of La Victoria, approximately 50 km west of Caracas; City Hall was set on fire. On 25 May, demonstrators clashed with policemen in Los Teques and in the 23 de Enero lower-class neighborhood of Caracas.

According to a Defense Ministry report, since President Carlos Andres Perez came to power in February 1989 and the implementation of his macroeconomic adjustment plan, there have been approximately 1,400 protests and demonstrations.

### Calderon Not To Attend EEC, Rio Group Meeting

*PA2805145492 Madrid EFE in Spanish 1732 GMT 27 May 92*

[Text] Caracas, 27 May (EFE)—The Venezuelan Foreign Ministry confirmed on 27 May that Foreign Minister Humberto Calderon Berti will not attend the EEC and Rio Group Foreign Ministers meeting to be held in Santiago de Chile on 28 and 29 May.

Foreign Ministry spokesmen reported that Calderon Berti will not attend because "internal matters compel him to stay in the country." The spokesmen added that David Lopez Henriquez, Foreign Relations Ministry general director, will represent Venezuela.

At the meeting, the Venezuelan Government will address the need for Venezuelan exports to be given the same treatment the EEC gives exports from Colombia, Peru, Ecuador, and Bolivia. Products shipped from these countries to the EEC are exempted from duties.

The Rio Group foreign ministers and their EEC colleagues will study ways to strengthen their commercial relations and the struggle against drug trafficking, as well as ways to improve the EEC financial cooperation with Latin American countries, among other matters.

### Supreme Court Elects President, Vice Presidents

*PA2705200292 Caracas Venezolana de Television Network in Spanish 1600 GMT 27 May 92*

[Text] Magistrate Gonzalo Rodriguez Corro was elected Supreme Court president in internal elections. He was favored by nine votes over the other judges. Alivio Abreu Burelli and Josefina Calcano de Temeltas were elected first and second vice presidents respectively.

In a public ceremony at the Supreme Court of Justice auditorium, the magistrates participated in a process whereby they were sworn in by the newly-elected president after results were read aloud and the winners were announced.

Rodriguez Corro noted that the election proved that there was representation from various interest groups; the new court justices will design an administrative and jurisdictional force that will fulfill Venezuelan society's expectations and needs. Corro also stated that it is necessary to change the meaning of leadership since everyone in a high government position is there to serve, not to receive tributes and homage.

Alternate members for the remaining courts will be sworn in during a plenum meeting on 2 June. The controversy over whether Magistrate Jesus Moreno Guacaran or Magistrate (Juvenal) Salcedo will be elected to the prison court should be solved by then.

### Democratic Action Issues Candidate Regulations

*PA2705140592 Caracas EL UNIVERSAL in Spanish 17 May 92 p 1-12*

[Regulations approved by the Democratic Action Party's National Executive Committee for the selection of candidates for governor, mayor, council, and district representative; date not given]

[Text] The National Executive Committee, CEN, in exercising its duties as established by the statutes, issues the following regulations:

Article 1: Any militant, supporter, or independent person who meets the conditions for eligibility established by the party statutes has the right to become a candidate for the party. Supporters and independent persons who join the process will also be entitled to participate in their own promotion and selection.

Article 2: Those who wish to be party candidates for district representative, council, or mayor should inform the corresponding party organization in writing, sending a copy to the Sectional Executive Committee, CES. Candidates for governor will inform the CES. The National Organizational Secretariat should receive copies of all nominations.

Article 3: Those who wish to run for district or municipal posts should participate in seminars to update their legislative and managerial knowledge. The seminars will be organized by the Municipal Affairs National Secretariat with support from the party's training organizations.

Article 4: Those who wish to run for district representative cannot be candidates for councilman, mayor, governor, or vice versa.

Article 5: The Commissions for the Support of Regional Strategies, appointed by the CEN—which will include the sectional secretary general, secretary of organization, and secretary of municipal affairs—will be in charge of preparing the electoral campaign strategy to be carried out by the CES, District Executive Committees, CED, and Municipal Committees, CM.

Article 6: Campaign management will be the responsibility of the Sectional Executive Committee for gubernatorial candidates, of the CED for candidates for council and mayor, and of the CM for district representative.

Single Paragraph: When justified according to the CEN, the Commission for the Support of Regional Strategies can assume campaign management in any area.

Article 7: The mobilization and contacts made by the candidates will be planned by the corresponding partisan organization, guaranteeing equal opportunity to all participants.

Article 8. The candidates' entire advertisement and campaign program of must be previously authorized by the appropriate partisan organization.

Article 9. Disparaging remarks or attacks among candidates will not be allowed. The campaign must be oriented at highlighting the existence and achievements of the party and the candidate's personal merits and his local and community action program.

Those who run counter this regulation will be dropped as party candidates, in accordance with a CES decision. The person in question may appeal this decision before the CEN.

Article 10. Partisan sectional, district, and municipal leadership organizations may not support candidates or electoral slates. These organizations have the duty to promote fairness and equity, as supervisors of the process.

Article 11. The Commissions to Support the Regional Strategy, together with the CES, may appoint support teams for the purpose of assessing and constantly following up the campaign.

Article 12. The different CES, together with the respective Commissions to Support Regional Strategy, must consider the results of the polls ordered by the CEN and internal and external opinion analysis to select the candidates for governor and mayors of the state capitals, in consultation with the CEN.

Article 13. For the selection of mayors and councilmen the CED, along with the CES, will also take into consideration the results of opinion polls and analysis mentioned in the previous article... [as published]

Single Paragraph. The different CES may ask the National Organization Secretariat for technical information on conducting said surveys.

Article 14. The Municipal or District Committee will be in charge of selecting the members of the Community [parroquia] Boards, when this falls within the community's duties, with the participation of the corresponding CED.

Article 15. After hearing the views of the CES and the Commissions to Support Regional Strategy, the CEN will promote electoral alliances with other political organizations to name candidates for governors and mayors. The Political Executive Committee will meet to learn and approve these alliances as a whole.

Article 16. The CEN will settle unforeseen developments, as well as doubts in implementing this regulation.

### * Fernandez Favors Ciliberto, Ibanez Extraditions

*92SM0389B Caracas EL NACIONAL in Spanish Section D 15 Apr 92 p 2*

[Interview with the President of the Controller's Commission of the Chamber of Deputies, Nelson Chitty La Roche, by correspondent Teresa De Vincenzo; place and date not given]

[Text] "The Secretary General of COPEI [Social Christian Party], Eduardo Fernandez, asked Interior Minister Luis Pinerua Ordaz to extradite several of the corrupt people who are vacationing in Miami at the expense of the public treasury." Thus spoke the President of the Controller's Commission of the Chamber of Deputies, Nelson Chitty La Roche, and although he did not name them, he left it understood that he meant Jose Angel Ciliberto and Blanca Ibanez, ex-officials of the constitutional period of Jaime Lusinchi.

This act, Chitty said, relates to the fight against corruption that Fernandez is waging and is included in the National Agreement that he is seeking with various sectors of the country.

Chitty said that Minister Pinerua seems to be standing before public opinion as a champion in the fight against corruption but has taken no specific steps to demonstrate the government's real desire to clean up the administration.

Speaking as an unimpeachable witness, he said that Eduardo Fernandez talked to Pinerua on the matter and spoke to him of the corruption that most afflicts the spirit of the people, which is the corruption in the customs agencies, health care services, in bureaucratic paper shuffling, and in some ministries, "such as the Ministry of Agriculture and Livestock".

However, he added, Pinerua's reply was not satisfactory. Especially because of the unusual appointment of the new vice minister of agriculture and livestock, Pedro Garcia Urriola, who is being investigated by the Controller's Commission for his management of the firm CASA [expansion not given] and has been formally accused before the Attorney General of the Republic.

He added that it is not enough to denounce the Bandagro [Agricultural-Livestock Development Bank] case if one does not pursue "an entire structure that has suffered a clamorous failure and that should begin", in his opinion, "with the ouster of Minister Jonathan Coles".

He specified that in spite of the government's inaction, "COPEI's efforts to continue the fight against corruption" are not wasted.

"I am even sure that Eduardo Fernandez asked Pinerua for prisoners and that he will proceed with the actions necessary to bring back certain fugitives whose vacations abroad at the expense of the public treasury should be ended."

[De Vincenzo] Fernandez referred to those in Miami?

[Chitty] Exactly.

#### Misunderstandings in COPEI

Chitty stressed that COPEI's National Committee fully supports the policy that Fernandez is following, although, "naturally, the process brings eventual misunderstandings with it. This happens in all the political societies in the world and does not represent a cataclysm".

He said that Hilarion Cardozo knows that he, Fernandez, and Jose Antonio Perez Diaz have been working as the advance guard command in the search for solutions to different problems, with themes that are "passionate, delicate, and dangerous".

He specified that COPEI has taken on the analysis of the Supreme Court of Justice and is seeking ways to renew it that are always susceptible to criticism.

"Military policy in Venezuela has as many analysts as the baseball season, and that, necessarily, entails a confrontation of criteria and, of course, speculation."

Regarding economic policy, he recognized that it must be corrected, and he recalled that COPEI has made suggestions that the government has not heeded so far.

"In spite of that, and because democracy is at stake and the political class is delegitimized, we are attempting a harmonization with the factors in hand that will soon bear fruit."

Chitty pointed out that inflation was the greater evil and, perhaps, the principal cause of popular dissatisfaction, disappointment, and anger. He indicated that COPEI has made specific proposals on the subject that, however, "need support to achieve the penetrating force to change the criteria of the economic cabinet".

"We are living through a difficult period of change. It is a revolutionary transition, inevitable and inexorable, so that the transfer of command occurs without bloodshed. Therefore," he added, "we must seek, as Aristide Calvani said, the consensus possible within an environment of disagreement, in which everyone feels an agreement must be reached."

**There Is No Pact**

In the spirit of ending the controversy, Chitty raised his eyes heavenward and repeated: Eduardo Fernandez is promoting a national agreement, and he has not signed a political pact with anyone.

He said that it involved an effort at reflection and at seeking solutions urgently demanded by the country.

"Everyone knows that the solutions are in two lines: the first, waiting for the conjunction of inflation and of corruption, and the second, giving viability to the democratic system that presupposes the cooperation of all of the participants in political, civil, and economic society."

He explained that the leadership that Fernandez proposes begins with each citizen having to assume his role in the social concept, so that each one can have assigned to him goals over the short and long term and make the natural follow through.

"COPEI did authorize the search for solutions to the crisis and suggested the consultations that were needed. They certainly need not be exclusive," he added, "which does not mean that they must be simultaneous."

## * Government Considers Deficit Financing Methods

*92SM0389 Caracas EL NACIONAL in Spanish Section D 21 Apr 92 p 2*

[Article by Yolanda Ojeda Reyes]

[Text] The reduction of 20 billion bolivares that the National Executive will make in the 1992 budget will place the 1992 fiscal deficit at 70 billion bolivares, and the technicians are now seeking ways to finance it.

The reduction in expenses is in addition to the adjustment made in January as a result of the fall in petroleum prices. Revenues diminished by 59.865 billion bolivares, and this drop was able to be covered by a cut in spending of 53.111 billion bolivares and with 6.754 billion in Treasury reserves.

The reduction for the ministries was set at 15.422 billion bolivares; the government's contribution of funds to decentralized agencies [Situado Constitucional] at 10.776 billion bolivares; the FIV [Venezuelan Investment Fund], 1.796 billion; the Housing Policy Law, 3.848 billion; the Social Services Fund, 599 million; and there was a saving of 20 billion due to a drop in interest rates on the foreign debt.

The petroleum scenario in which this adjustment occurred took into account an exchange rate of 64 bolivares, an export level of 2 million barrels daily, and an effective price of $16. In the original projection, proposed and discussed in Congress, estimates were made based on an exchange rate of 63 bolivares and an effective price of $19.

Once again the alertness of the technicians determined the need to make another adjustment in March. The production level was set as it originally was, at 1.95 million barrels, and the price dropped a dollar, to $15. The exchange rate was adjusted to 64.5.

This new reduction was set at 52.923 billion bolivares, but in this case the adjustment did not occur in spending but rather through an adjustment in ordinary revenue.

Within this scenario the Executive established the use of mechanisms of ordinary fiscal captation to compensate for the shortfalls in income, through a program of taxation that, according to calculations, will generate 20 billion bolivares. Similarly, it updated ordinary nonpetroleum income which was increased by 17.946 billion bolivares. It was originally estimated at 188.558 billion bolivares. Customs revenue increased by 6 billion bolivares (totaling 56 billion).

However, not all of the adjustments were upward. There was a reduction of 12.866 billion bolivares in petroleum derivatives, which were initially calculated at 43.163 billion bolivares, when the government had not decided to freeze gasoline increases.

In this second adjustment, included in extraordinary income was 57.024 billion bolivares in funds deriving from privatization, which will be allocated to social programs. Also, the repayment that state companies must make for payment of their external debt was decreased by 10 billion bolivares. In its latest version, it was set at 6 billion. Included were the program to reduce the external debt for 3 billion and a bond issue to finance external and internal credits for 19 billion.

**The Fiscal Deficit**

Income from ordinary revenues was 674.026 billion bolivares and 202.181 billion bolivares from extraordinary revenues, for a total of 876.207 billion bolivares.

After carrying out the transactions in this second adjustment, the technicians were able to limit the decrease in ordinary revenues to only 34.977 billion bolivares, thus avoiding a similar or greater decrease than that which occurred in January.

Originally, the 1992 budget was 863.224 billion bolivares. With the declaration of a revenue insufficiency of 53.111 billion bolivares, the budget was estimated at 810.113 billion. In March, with the adjustment of revenues, the budget was set at 876.207 billion bolivares.

Nevertheless, a new, 155.236-billion-bolivar spending program must be taken into account that is not included in the Budget Law and, on being included, increases the budget to 965.349 billion bolivares.

This points to the existence of a deficit of 89.142 billion bolivares, and as a result, budget reductions will be made on the order of 20 billion bolivares. Ministry of Finance authorities are seeking to finance the remainder, approximately 70 billion bolivares, with uncommitted resources of the Treasury, estimated at 14 billion bolivares. Funds greater than previously estimated (57 billion) are expected from privatization, and the possibility of postponing the payment of debt principal through refinancing is being examined.

In the explanation of the rationale for the 1992 budget, the government suggested that the deficit be bridged with additional revenues or through a reduction in spending. The latter will be effected with the reduction announced by Finance Minister Pedro Rosas.

At the same time, additional revenues will have to come from the package of tax increases, such as the modernization of the Organic Tax Code, the tax on luxuries and the reevaluation of assets and renewal of the discussion on the luxury tax.

This situation assumes a petroleum scenario in which the price per barrel must average $15 or else the reduction in fiscal income will exceed 113 billion bolivares. The deficit will be greater without the additional revenues generated by the tax package.

**Additional Credits**

In the next few days the Finance Minister will submit for the consideration of the National Congress the Additional Credit Authorization of 35 billion bolivares for collective bargaining and the new salary scale for workers, educators, and physicians. The Council of Ministers will see it this Thursday.

Similarly, other credits will be presented to cover budgetary gaps caused by updating salaries in the Attorney General of the Republic, the Judiciary Council, and the Ministry of Defense, for a total of 4.209 billion bolivares; 1.6 billion to finance increases to the Superior Electoral Commission; and 2.322 billion bolivares to update payments to retirees and pensions.

Also being considered is an additional credit of 32.047 billion bolivares toward the payment of the public debt not included in the 1992 Budget Law, which will be paid for from extraordinary income from the refinancing program.

The Executive will have to explain where the funds will come from to finance each of these additional credits. At the moment, it is certain that the social programs' needs are covered by privatization, the 57 billion bolivares, but the technicians are still going over their accounts to determine the provenance of funds for the collective bargaining and the new salary scale.

**A Smaller 1993 Budget**

This week the Ministry of Finance is supposed to present to the National Congress the modification of the 1992 budget, which originally was calculated at 1.032 trillion bolivares. It will have to be adjusted to approximately 970 billion bolivares because revenues must be excluded that are based on taxes not yet approved: a tax on assets, application of the Organic Tax Code reform, reevaluation of assets, and the selective sales tax.

This adjustment brings with it an automatic reduction in legal and contractual spending of 15 billion bolivares; the rest will be reflected by a reduction in spending by public organisms.

If all of the taxes presented to Congress are approved, the government estimates a 1993 tax collection of 100 billion bolivares, which will mean a "breath of air" in budgetary activity in the coming year.